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NEWS SUMMARY

GENERAL

No more money for inner cities

The Government does not intend to increase spending on inner cities as a result of riots during the summer, TUC leaders were told at a meeting with Mrs Thatcher and senior Ministers.

TUC general secretary Len Murray said later that union responses to Government initiatives would depend on the new money available.

But both sides said the talks were constructive. Back Page

Bangui coup

The army seized power in Bangui, capital of the Central African Republic. General Andre Kolingba promised quick elections. Page 3

Charges dropped

The Turkish authorities dropped legal proceedings against Metin Munir, Turkish correspondent of the Financial Times. Page 2

Lothian cuts

Lothian Regional Council agreed to cut £24m from its budget but Scottish Secretary George Younger said it was not enough. Page 6

Carron in talks

Fermanagh and South Tyrone MP Owen Carron met former Irish Premier Charles Haughey, but failed to win support for the expulsion of Britain's ambassador to Dublin.

Embassy protest

Iran's embassy in the Vatican City was occupied for about 40 minutes by supporters of the Iranian Mojahedin guerrillas. Restraint call, Page 3

Etna smokes

Italian scientists asked authorities to keep tourists away from Mount Etna on Sicily, which began spewing gas and white smoke.

No Hinckley bail

A U.S. judge refused bail to John Hinckley, accused of attempting to kill President Reagan.

Brain game

Former diplomat Peter Barlow, 45, from London, won the Radio 4 Brain of Britain title in the world's longest running radio quiz show.

Prison demo

At least 19 foreign prisoners in Thai jails refused food in a hunger strike over prison conditions.

Diamond jubilee

Princess Margaret flew into Swaziland for celebrations to mark King Sobhuza II's 60 years on the throne — the first royal diamond jubilee since Queen Victoria's in 1897.

Desert snow

Snow fell on Africa's Kalahari desert for the first time in living memory.

Fastest woman

Fiona Brothers, 27, of Fairford, took the women's world water speed record at a Nottingham sports centre, with an average speed of 116.279 mph.

Last Test drawn

England batted out the last day to draw the final Test against Australia, closing at 261 for 7, 122 short of victory. England retain the Ashes by 3-1.

Briefly...

Millionaire Joseph Hirshhorn, philanthropist, died in Washington at 82.

Scarman inquiry resumes today.

Libya celebrated the 12th anniversary of Colonel Gadaffy's coup.

BUSINESS

Dollar firmer; Equities off 5.8

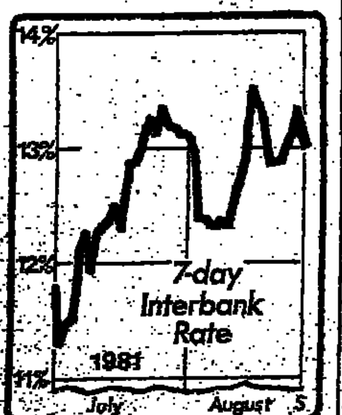
● DOLLAR slipped to DM 2.4512 (DM 2.452, and DM 2.461 in New York on Monday) but was generally stronger at SwFr 2.1575 and Y231 after SwFr 2.13 and Y229.15 (SwFr 2.159 and Y231.92 in New York on Monday). Its trade-weighted index was 111.4 (111.2). Page 25

● STERLING shed 1.55 cents at $1.8335 and was down at DM 4.505 (DM 4.535), FFr 10.79 (FFr 10.84) and Y423.5 (Y424). Its Bank of England index fell to 91.0 from 91.3. Page 25

● EQUITIES were unsettled. The FT 30-Share Index closed 5.8 lower at 568.0. Page 28

● GILTS closed little changed. The Government Securities index ended 0.03 up at 64.12. Page 28

● SHORT-TERM interest rates were easier, with seven-day funds down at 12½-12¾ per cent. Petroleum Revenue Tax payments, which had raised fears of tight short-term money, were virtually balanced by various offsetting items. Page 25



● GOLD was $2 down at $425 in London. In New York the Comex September close was $426.3. Page 25

● WALL STREET was off 0.10 at 881.37 before the close. Page 26

● CITIBANK will hold its prime rate in the U.S. at 20½ per cent, although Chase Manhattan and First National Bank of Chicago have lowered theirs by half a point.

● BANK CHARGES on giro credit transfers have brought a drop in the volume of these payments, just when the banks were about to invest heavily in automating the system. Back Page

● DEUTSCHE BANK chairman Dr Wilfried Guth warned bankers of possible problems facing borrowers and lenders in the Eurocredit markets. Back Page

● TRADE between the five-member Association of South East Asian Nations and the EEC grew by a record 32 per cent to $17.4bn (£9.5bn) last year. Page 4

● LORD GRADE has restructured the board of Associated Communications Corporation, and long-serving managing director Jack Gill has resigned.

● H. J. HEINZ food group plans to make 290 workers redundant at its Harlesden factory in north London by next spring. Page 5

● SEARS ROEBUCK of the U.S., the world's biggest stores group, plans to set up its own money market trust fund. Page 21

● LINFOODS Holdings reported pre-tax profits for the year to April 25 £1.3m lower at £8.92m, chiefly because of the poor performance of the Gateway retail subsidiary. Page 18; Lex, Back Page

● SWAN BREWERY of Australia advised shareholders not to accept yet the A$121m (£75m) bid by businessman Alan Bond. Page 21

South Africa claims it killed Soviet troops in Angola

BY OUR CORRESPONDENTS IN CAPE TOWN AND LONDON

SOUTH AFRICA claimed yesterday its forces had killed an unspecified number of Soviet officers fighting beside guerrillas of the South West Africa People's Organisation (Swapo) in southern Angola last week.

Gen Magnus Malan, the South African Minister of Defence, said in Cape Town that one Soviet non-commissioned officer had been taken prisoner. He said this was clear proof that Moscow was prepared to back logistic support with the "direct involvement of military personnel on the lower levels of terrorist movements."

By last night, the South Africans had not produced the prisoner or evidence of having killed other Soviet soldiers.

While Gen Malan's claims do not surprise most military observers in South Africa, the timing of the announcement does.

Last week, when South Africa said its forces were beginning to withdraw from positions in Angola, a team of South African journalists was flown to the zone occupied by the invaders.

Reporters were shown documentary evidence of the presence of Russian personnel in the town of Xangongo, including family photographs which were prominently displayed in newspapers carrying their reports from Angola. Their reports, all subject to military censorship, made no mention of Russian troops being seen or killed.

South Africa reported up to 450 Swapo guerrillas and Angolan soldiers dead after its amoured incursion. Pretoria has maintained consistently that the raid was soley in pursuit of Swapo bases and not directed against Angolan targets.

Angola reported yesterday, however, that South African troops continued to occupy parts of the south despite Pretoria's announcement of a withdrawal.

Moscow provides Angola with mist of its armoury, including a squadron of MiG-21 fighters. The presence of advisers amongst Angolan troops would not cause wide surprise. But the South African announcement yesterday appears designed to link Soviet troops directly with Swapo, which is fighting to end South African control over Namibia.

Swapo said in London last night that the notion that Soviet soldiers were fighting alongside its guerrillas was "ludicrous."

In Moscow, the Soviet Foreign Ministry refused to comment on the South African claims. A spokesman said he had no information on the subject of Russian troops stationed in Angola.

One Western diplomatic

Continued on Back Page

Reagan prepared to cut defence budget

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan is prepared to cut the heavy increase in U.S. defence spending by $20bn to $30bn (£10.9bn to £16.4bn) in total over the two years 1983 and 1984 to achieve his aim of balancing the Budget by 1984, according to one of his top aides.

The statement by Mr James Baker, the White House Chief of Staff, was the first clear indication that Mr Reagan is yielding to growing economic and political pressure to ease the pace of the U.S. arms build-up.

Defence has so far been the only significant budgetary area to escape major spending cuts as the Reagan Administration drives to restore U.S. superiority over the Soviet Union by the end of the decade.

The revival of America's military might, after what the Administration sees as years of neglect, has long been one of Mr Reagan's priorities.

It has become increasingly obvious in recent weeks, however, that economic constraints can no longer be ignored, in view of the need to contain the Budget deficit.

The Administration's budgetary calculations have also been upset by the continuing near-record levels of U.S. interest rates, which were originally expected to be much lower by now.

The deficit target for 1982 is $42.5bn, falling to zero in 1984 and recent predictions from outside the Administration have indicated a possible deficit of about $60bn in 1982.

Many Administration officials believe it would be politically impossible to find all the necessary cuts in social and welfare programmes, which have already suffered severely in the first major Reagan budget-cutting exercise this summer.

Mr Baker maintained yesterday that the aim of an annual real 7 per cent increase in defence spending could be achieved even if cuts were made on the scale he outlined.

He said that President Reagan would receive proposals for spending cuts, drawn up by Mr Caspar Weinberger, the Defence Secretary, later this week. Mr Reagan returns tomorrow to Washington from his month-long California holiday.

Mr Weinberger, one of the President's more influential advisers, has been fighting hard to avoid any major cuts in defence spending, budgeted at $222bn for fiscal 1982, which starts on October 1. He has, however, instructed his officials to draw up a list of the military programmes which would be affected if spending was scaled down.

Government officials continue to stress that any cuts which may finally emerge will not divert the Administration from its overall strategic objectives.

Mr Murray Weidenbaum, chairman of the President's council of economic advisers, said earlier this week: "There are no doves" in the Reagan Administration.

Mr Weidenbaum, however, is one of many senior advisers to the President who believe there must be some fat to be trimmed from such a large planned increase in the defence budget.

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EEC angry over UK poultry ban

By John Wyles in Brussels

THE BRITISH Government may face proceedings in the European Court of Justice and retaliation from other EEC countries, following its introduction yesterday of a virtual ban on poultry imports.

The threats emerged amid a storm of criticism encountered by British delegates in Brussels yesterday at a special session of the EEC's Standing Veterinary Committee, called to consider the changes in the UK's health regulations, which have brought about the ban on imports of chickens, eggs and turkeys.

After the meeting the European Commission called on Britain to suspend its restrictions but added that it had not yet determined whether they contravened Community law.

France and the Netherlands led the attack, which challenged the legality of the move, and accused Britain of ignoring required procedures for prior consultation with notification of the European Commission.

France warned that, unless the British Government climbed down, other member states would have to impose national restrictions on imports of British poultry products.

While the commission did not immediately indicate whether it would take Britain to the European Court, it is understood that officials may prepare for preliminary proceedings in the next few days.

Although it is unhappy about the suddenness of the British measures, the commission is unlikely to challenge their basis—an end in the UK to vaccination to deal with outbreaks of fowl pest and introduction instead of a compulsory slaughter policy.

The commission seems likely instead to argue that it is unjustifiable to ban eggs, as well as poultry meat, from countries which use vaccination to control fowl pest and do not follow a slaughter policy.

It remains to be seen whether

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Finance directors attack policy on interest rates

BY BARRY RILEY

AN ATTACK on the Government's interest rates policy was launched yesterday by 100 of Britain's top company finance directors. They feel that the present policy is distorting interest rates. They also argue that the banking system is insufficiently competitive.

The virtual disappearance of the corporate long-term bond market over the past few years has led to many companies developing an unsound debt structure, with excessive reliance on bank borrowings the finance directors believe.

In a report published yesterday, copies of which have been

CBI to question party officials on economic policies. Page 5
Ministers meet TUC on inner cities, Back Page

sent to the Treasury and the Bank of England, the group calls on the Government to control its finances along more commercial lines, differentiating where possible between revenue and capital needs.

Although productive capital spending by the Government may legitimately be met partly from borrowing, social expenditure and revenue needs should generally be met from taxation, the report says.

The report, "Interest rates—their implications for industry and commerce," has been produced by a working party of the Hundred Group of chartered accountants, a body which includes the finance directors of most of Britain's largest companies.

The working party was headed by Mr Derek Millis, finance director of Slough Estates and included representatives from industry and merchant banking.

Interest charges have a material impact on most companies' pre-tax profits. A random sample of 10 large companies represented in the Hundred Group revealed that interest costs represented an average 24 per cent of profits before interest and tax. It is considered that this impact is likely to increase.

The working party states that there is an overriding need for the corporate bond market to be restored at a price level that is not prohibitive. To facilitate this, the Government's excessive demand for fixed-interest funds should be reduced substantially by cuts in its spending and by more flexible financing.

The report expresses regret that during a period when interest rates have been running at unprecedented levels, lending competition in banking has not been greater.

It contends that interest-free or low-cost funds, notably current accounts, might form the basis for greater inter-bank competition.

"Had this operated recently in favour of industry and commerce, the 'need' for the recent Government levy would have been avoided." The levy referred to was imposed by the Chancellor in the last Budget.

Detailed recommendations include a suggestion that companies should be encouraged to capitalise interest charges in respect of long-term capital projects, and that the tax treatment of foreign currency borrowing should be changed.

Interest Rates—their implications for industry and commerce, published by the 100 Group, 38, Finsbury Square, London EC2A 1FX, £4.50.

£ in New York

	Aug. 31	Previous
Spot	$1.8345-55	$1.8580-8608
1 month	0.66-0.75 pm	0.68-0.75 pm
3 month	2.20-2.30pm	2.23-2.33 pm
12 months	6.60-6.80 pm	6.75-6.95 pm

Ministers closer to decision on gas-gathering project

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT moved closer to resolving the future of its £2.7bn North Sea gas-gathering project at a crucial meeting of senior ministers yesterday.

Mrs Margaret Thatcher, who convened the meeting, has called back the ministers for further talks next Tuesday in a bid to find a financing formula which will enable the major engineering scheme to proceed.

The Treasury remains concerned about the possible impact of the project on the Public Sector Borrowing Requirement. However, within Whitehall it was said that ministers had moved closer to an agreement during their session at No 10 Downing Street.

Downing Street commented last night: "Today's meeting was informal and no decision was taken."

Ministers are understood to have agreed that an urgent Cabinet decision is needed on whether or not to go ahead with the pipeline's construction. Major orders have to be placed later this month if the 420-mile network is to be completed on time in 1985.

Ministers reviewed the direct and indirect implications of proceeding with the project. They heard that the pipeline could cost at least £25bn worth of gas at current prices; that the construction work would benefit the steel industry and offshore supply companies; and that chemical plants would be built in association with the gas-gathering network.

It is believed that ministers also expressed concern that oil companies were not prepared to invest in the project without prior financial backing from the Government or an agent, like the British Gas Corporation.

This backing, perhaps in the form of a guarantee, could increase the PSBR although the Treasury has been urged by Mrs Thatcher to find a way around this problem.

BP MAKES RECORD TAX PAYMENT

BRITISH PETROLEUM yesterday handed to the Inland Revenue what it described as the world's biggest tax payment—£910.2m. The money, paid in settlement of the company's half-yearly North Sea tax bill, comprised a cheque for £108m and tax certificates already bought from the Inland Revenue.

A total of about £2bn of Petroleum Revenue Tax and the new Supplementary Petroleum Duty is expected to be paid to the Government over the next week or two.

BP's own contribution is the equivalent of 1p off the basic rate of income tax for everyone. Since 1978 BP has paid the taxman £3.7bn on its profits from the big North Sea Forties Field.

THF to launch £87m rights issue

BY IAN RODGER

TRUSTHOUSE FORTE, the hotels and leisure group which recently failed in its £67m bid to acquire the Savoy Hotel group, is asking its shareholders for £87.17m in a one-for-four rights issue at 113p per share.

This is the second largest rights issue launched by a company in the UK this year, after the record-breaking £624m offer from British Petroleum in June, and THF shares fell 12p yesterday to 124p on the Stock Exchange.

THF, which has spent £170m on additions and improvements to its assets in the past 22 months, said it was seeking the funds to maintain a prudent balance between equity and borrowings.

The group's borrowings have risen sharply this year as it continued its ambitious capital spending programme despite weak trading conditions. From a net £157m at the end of the last financial year to October 1980, borrowings have risen to about £250m. Shareholders' funds at the end of last year totalled £402m.

Interest charges rose 57 per cent in the first half to £11.3m, contributing significantly to the 27 per cent fall in interim pre-tax profits to £14m.

THF said that it has spent £36m to acquire its 63 per cent stake (with 39 per cent of the votes) in the Savoy group, £16m on new long leases on its motorway service areas and £15m for parts of the leisure interests of

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bibby (J.)	302	+ 6
British Vita	189	+ 9
Clifford (C.)	48	+ 4
Durapipe	27	+ 8
Green's Economiser	140	+ 7
Hanson Trust	291	+ 6
Howden (A.)	145	+ 7
Moss (R.)	39	+ 4
Polymark	100	+ 8
Sun Life	344	+ 4
Tex Abrasives	55	+ 4
Geevor Tin	195	+ 15
FALLS		
Berwick Timpo	53	— 5
Brit. Aerospace	234	— 8
Dunlop	74	— 3
Foster Brothers	74	— 6
Grand Met.	200	— 5
Hawker Siddeley	348	— 8
ICI	270	— 6
Mills and Allen	485	— 13
Plessey	391	— 5
Racal Electronics	468	— 7
Thorn EMI	480	— 11
Trusthouse Forte	124	— 12
BP	302	— 10
LASMO	530	— 25
Shell Transport	366	— 8
Cons. Plants. Wrnts.	128	— 7
CRA	228	— 14
Cons. Gold Fields	515	— 10
Peko-Wallsend	390	— 30
RTZ	577	— 16

JUSTICE MINISTER ANNOUNCES RESIGNATION

Spain's 'back to business' image broken

BY TOM BURNS IN MADRID

THE SURPRISE resignation of Sr Francisco Fernandez Ordonez, Spanish Minister for Justice, which was announced yesterday, has significantly undermined the outward appearance of cohesion, common purpose and efficiency in both party and Government that Sr Leopoldo Calvo Sotelo, Prime Minister, has been striving to convey since he took office shortly after the attempted military coup last February.

Sr Fernandez Ordonez was a founder member of the ruling Union de Centro Democratico (UCD) and is the recognised leader of its progressive wing. In his resignation letter, he complained that the UCD was moving towards the Right, and that he was unable to carry out the reforms he had envisaged. Sr Fernandez Ordonez gained national prominence when he overhauled the taxation system in 1977 as Treasury Minister and over the past year, in the Justice Ministry, as the architect of divorce legislation that was bitterly criticised by conservatives in the party.

Sr Calvo Sotelo has moved Sr Pio Cabanillas from the ministry in charge of the Prime Minister's office to the Justice post and promoted Sr Matias Rodriguez Inciarte—a 33-year-old economist who has been a close adviser to the Premier with the rank of Secretary of State—to the ministry vacated by Sr Cabanillas.

The resignation rudely ended the summer political lull and shattered the "back-to-business" image that Sr Calvo Sotelo had been at pains to create when he returned from holiday on Monday.

The Prime Minister, on receiving the resignation letter on Monday afternoon, first asked Sr Fernandez Ordoñez to withdraw it and then asked him to keep it secret for a week. When the Justice Minister refused, Sr Calvo-Sotelo held a late-night meeting with his staff and was able to announce the new Cabinet appointments in the State Gazette yesterday.

The timing of the resignation is known to have angered the Prime Minister, who faces a delicate political period over the autumn and had wished to keep his team outwardly unified until the end of the year.

Later this month, UCD will initiate the parliamentary debate on Nato entry, and on October 20, Sr Calvo-Sotelo will face his first electoral test as premier when the north-western region of Galicia and Andalucia in the south elect autonomous parliaments.

The departure of Sr Fernandez Ordoñez and his explicit criticism of the growing conservatism of government policy breaks the tradition of balance and consensus between the progressive and the Christian Democrat wings that has characterised successive UCD cabinets

In the run-up to the regional elections the Socialist opposition is likely to use the abrupt resignation to try to win the middle ground vote from the Government party.

In Madrid, observers felt that Sr Fernandez Ordoñez had chosen an opportune moment—with the controversial divorce legislation now on the statute book—to prepare himself for a future role as arbitrator between UCD and the Socialists.

Sr Fernandez Ordonez . . . unable to carry out reforms

Swiss bank rate increased to 6%

By John Wicks in Zurich

THE SWISS National Bank has today increased the bank rate by one percentage point to a record level of 6 per cent. The Lombard rate, which is charged for advances against collateral, has been raised by the same amount to a peak of 7.5 per cent.

This is the fourth increase in the Swiss bank rate this year. In January, the bank rate was no more than 3 per cent, with a Lombard rate of 4 per cent.

Explaining the latest move, the National Bank says it is determined to continue its policy aimed at stabilising prices. The sharp rise in the dollar exchange rate since the start of the year — by 22 per cent more than SwFr 2.15 yesterday—has accelerated the Swiss inflation rate, with the July year-on-year level of 6.6 per cent the highest for almost six years.

Commercial banks continue to make "substantial use" of central bank credit, which has been available at well below market rates. The National Bank sees this as endangering its efforts to restrain the money supply.

EEC inflation rate below 1% in July

The monthly inflation rate in the European Economic Community (EEC) remained below 1 per cent in July for the third consecutive month, the EEC statistics bureau said yesterday. Reuter reports from Brussels. Prices rose by 9 per cent in the 10 member countries during the month.

Blaze at Frankfurt centre of SDP

A fire possibly linked to anti-U.S. protests damaged the Frankfurt headquarters of West Germany's ruling Social Democratic Party (SDP) yesterday, police said. Reuter reports from Frankfurt. A witness reported hearing a noise like an explosion before the fire, but police said they were still unsure how it had started. Slogans denouncing U.S. "imperialism" and SPD support for U.S. nuclear arms strategy were found sprayed by the entrance to the building.

Cars set on fire in Wiesbaden

Eight private cars were set ablaze and destroyed in a U.S. housing area in Weisbaden, West Germany, the U.S. Army said yesterday. AP reports from Frankfurt. It is believed that the fuel tanks were punctured with an ice pick and the petrol ignited. No injuries were reported. West German and U.S. military policy were investigating the incident, the motive of which was unknown.

Norwegians in holiday tax fiddle

About 300 Norwegian companies and 3,500 self-employed tradesmen are now facing retroactive double taxation and fines because they have entered holiday travelling as business trips in their books, Aftenposten, an Oslo newspaper, said yesterday, AP reports from Oslo. This is the result of a nationwide control of travel agencies undertaken recently by the Government's tax agency, Skattedirektoratet. Private holiday trips worth about NKr 40m (£3.5m) had been entered in accounts as business trips to avoid taxation, the newspaper reported.

Oslo finds support for foreign aid

Of the Norwegian population 77 per cent support continued aid to less developed countries, while 17 per cent are against such aid, according to a survey by the central bureau of statistics, AP reports from Oslo. In the survey 19 per cent felt that the present size of foreign aid, NKr 2.9bn (£257m) budgeted in 1981, or about 1 per cent of gross national product, should be increased.

Bonn backing unlikely for French idea of two-tier interest rates

BY JONATHAN CARR IN BONN

WEST GERMANS are unlikely to be among the allies the French may win for their idea of a two-tier interest rate structure in Europe.

Bonn Government officials share the deep concern of the French over high U.S. interest rates and their depressive effect on European economies.

They would like to isolate themselves from the impact of those rates, which is what M. Jacques Delors (the French Economics and Finance Minister), seems to be aiming for. But they also see almost insuperable problems.

Chancellor Helmut Schmidt's comment at the weekend that the French ideas were "worthy of consideration" is described in Bonn as a matter of public courtesy towards what is still seen as its closest ally in Europe.

It does not imply that the West Germans are ready to follow up the ideas, which they hope may be dropped quietly.

It is understood that during the Franco-German consultations in July, M Delors made rather vague remarks about how Europe might be able to reduce interest rates and provide a boost to the economy and to employment, even if U.S. rates remained high.

The West Germans interpreted these comments as meaning that the exchange rates of European currencies should be virtually fixed against the dollar and that in the shelter of this arrangement European interest rates could be cut.

The implication was that European central banks—and above all the independent West German Bundesbank—should be prepared to intervene massively to support an agreed dollar exchange rate.

Bonn is firmly against such an arrangement although there appear to have been some fears at the Bundesbank that European politicians might seek to bring in some system of this kind. In particular, the Finance Ministry feels there is little point in entertaining such ideas so long as U.S. authorities are not prepared to co-operate to stabilise the dollar rate.

The various pronouncements of the Reagan Administration suggest to Bonn that the U.S. attitude to exchange rate issues remains one of "neglect"—benign or otherwise.

Chancellor Schmidt . . . publicly courteous to France

In the intervening two months, the French ideas appear to have developed and were outlined in Mr. Ivar Noergaard, the Danish Economics Minister, late last week.

One apparent consideration is that resident and non-resident deposits in European currencies should be subject to differing minimum reserve requirements — which would amount to a two-tier interest rate system. But this would imply implementation of a complex system of capital controls which not only the Bundesbank would firmly oppose.

The Bonn Government fears that such controls could make of the Mark a "mousetrap currency," one into which investors could readily move but from which they could not easily escape.

That could discourage potential investors from the start, among them the Saudi Arabians, who are helping through purchase of promissory notes to finance the Bonn Government deficit.

The West Germans say they sympathise with French hopes of building greater stability in Europe on the basis of the European Monetary System (EMS), and recognise that some of these ideas could be interpreted as trying to do that. But they believe that further institutional development of the EMS is hardly conceivable, and certainly not on the basis of French ideas.

Exports give Turkey's slack economy fresh impetus

BY METIN MUNIR IN ANKARA

THE MARKED improvement in the Turkish economy in the first seven months of 1981 is expected to be maintained over the next 18 months.

Mr Turgut Ozal, deputy Prime Minister and architect of the new economic policy, said that the rate of inflation should be less than 25 per cent in 1982. The inflation target for this year was below 40 per cent (from a peak of 133 per cent in February 1980). It is now running at about 35 per cent.

Confirmation that the beginning of 1981 marked the turning point in Turkey's economic fortunes is provided by Mr Ozal's forecast that the growth in gross domestic product in 1981 will be 4 per cent.

He also predicts that the substantial improvement in exports, both direct and indirect, could put the current account in balance within the next 12 to 18 months. This contrasts with official forecasts only three or four months ago that the current account would be in deficit to the tune of $3bn (£106bn) in 1982.

The Government's growing emphasis on exports, combined with a domestic market depressed by general recession and a harsh credit squeeze, has had a dramatic effect on the success of Turkish companies in finding new markets abroad.

The latest figures on exports show a rise of 54 per cent in the first seven months of 1981, compared with the same period last year. The main impetus for improved exports has come from the Middle East, where Turkey has made substantial increases in the sales of consumer products and food.

The starting point for the increase in trade with the Middle East appears to have been the Iran-Iraq war, which closed off traditional sources of supply. This trading surge has now extended into many other parts of the Middle East and North Africa, particularly Saudi Arabia and Libya.

One startling example of the way in which the depressed home marke has pushed Turkey into finding new outlets is the boost in construction work for Turkish contractors in the Middle East at a time when construction activity is almost non-existent in Turkey. The value of work undertaken by Turkish contractors in the Middle East has risen fromh $1.5bn to $7.5bn over the past 18 month.

Total exports for 1981 are expected to reach between $4.2bn and $4.5bn, of which about half will be manufactured goods. The receipt of foreign exchange from invisible earnings has also risen.

Workers' remittances from abroad for 1981 are forecast to be about $2.8bn (compared to $2.1bn last year), tourism is expected to earn about $400m (against an average of about $200m in earlier years), and increased earnings are also coming from the rise in transit business through Turkey as a result of the Iran-Iraq war.

Charges against FT writer dropped

ANKARA — The Turkish authorities have dropped legal proceedings against Mr Metin Munir, Turkish correspondent of the Financial Times following an intervention by the Justice Minister, Mr Cevdet Mentes.

Officials said Mr Munir, who also works for the BBC and other European and U.S. publications, had been told informally of the decision.

The move means he will not have to attend a hearing before an examining judge scheduled for September 17. He had been officially notified last Wednesday that he was to appear before the judge, who would decide whether he would face trial.

Mr Munir was not officially told why he was being investigated, but in July a civilian prosecutor summoned him to discuss a report he wrote for the BBC Turkish Service about an obscure anti-Armenian group in Turkey.

This had been the first move against a foreign journalist since the military took power in Turkey a year ago, although more than 20 Turkish journalists have been detained for writing stories which offended the authorities.

The Government said Mr Mentes had exercised his legitimate right to prevent Mr Munir's case going through the courts. The Justice Ministry had informed the Foreign Ministry of the decision and formal notification would be sent to Mr Munir that the proceedings against him had been dropped.

The International Press Institute sent a protest last week to Mr Bulend Ulusu, the Prime Minister, asking that "the harassment" of Mr Munir should stop.

The Justice Ministry said the prosecutor had been considering charging Mr Munir under article 140 of the Turkish penal code, which carries a minimum sentence of five years in prison for those found guilty. The Justice Minister must grant permission to apply the article, which covers people who "spread unfounded news abroad damaging to the prestige of the Turkish state."

Reuter

Merchant banks brought in to attract foreign investors

BY OUR ANKARA CORRESPONDENT

TURKEY'S Central Bank is to retain a group of merchant bankers to help the country attract foreign investors and prepare channels for syndicated loans, a senior official of the bank told the Financial Times.

The one-year contract is being negotiated with Warburg (London), Kuhn Loeb Lehman Brothers (New York), Lazard Freres (New York), Maison Lazard et Compagnie (Paris), and is expected to be signed shortly, said the official.

The group will have four tasks:

- To revise Turkey's 20-month-old foreign investment code after examining foreign investment incentives offered by other countries, and prepare a brochure. This work is expected to be completed in mid-1982, at which time the group will start promoting foreign investment, probably contacting multinational companies on Turkey's behalf.
- To help the state-owned Turkish Petroleum Company (TPAO) to establish joint ventures for exploration and extraction of crude oil. It will also help Turkey to export its stocks of refined oil built from supplies from the Iraqi pipeline.
- To provide similar assistance to Etibank, the state mining authority, which recently invited foreign companies to enter into joint ventures in seven specific mines.
- To help the Central Bank go to the international market for syndicated loans.

The consortium of merchant banks has previously worked with the Central Bank for restructuring $2.3bn (£1.25bn) of Turkish debts to international banks.

Turkey opened its doors to foreign investors as part of the economic recovery and re-orientation programme launched in January 1980. It has attracted very little new investment, however, partly because of lack of promotion and the incoherence of the incentives it has provided.

Turkey has also had very little borrowing experience on the international commercial market.

Taking into account the radical improvement in the Turkish economy over the past seven months, the Central Bank hopes it will be able to enter the syndication market.

The initial steps will be towards obtaining export pre-financing and short-term project loans below $500m.

Dutch left-of-centre coalition looks likely

BY MICHAEL VAN OS IN AMSTERDAM

THE CHANCES of a left-of-centre coalition government taking office in the Netherlands increased considerably yesterday as the three parties' negotiators reached an outline agreement on policy.

The Parliamentary factions of the Labour Party, the Christian Democratic Party and the small Democrats '66 group were due to receive an explanatory memorandum from the mediator, Mr Wilhelm de Gaay Fortman, late last night.

The party leaders pledged they would defend the outline agreement. Mr Ruud Lubbers, Christian Democratic leader, was the only one not to forecast that his party would accept.

Much will again depend on the position to be taken by Mr Andries van Agt, the caretaker Premier and Premier-designate for the new coalition.

He has repeated he would not head a Cabinet that was not prepared to cut public expenditure considerably to restore the national economy.

He wants cuts totalling Fl 4.5bn (£884m), mainly in the fields of social security, public health and civil servants' incomes.

A previous attempt to put together a left-of-centre coalition, which was mounted after the May 26 general elections, collapsed on August 19 over the extent and nature of the spending cuts.

Last week Mr van Agt stepped down as both his party's parliamentary leader and as negotiator in view of the split in his party over forming a coalition with the two left-wing parties.

Last night the Christian Democrats had to decide for the second time in a week between a left-of-centre coalition and Mr van Agt as Premier since the compromise was understood not to differ substantially from the previous one.

Moscow book fair opens

BY OUR MOSCOW CORRESPONDENT

THE SOVIET UNION's third biennial book fair opens in Moscow today in an atmosphere surprisingly devoid of the censorship disputes that have marred previous expositions of Western literature in the country.

Self-censorship apparently was the rule practised by Western publishers among the more than 2,300 companies participating in the exhibition.

Individual exhibitors said they kept the Soviet Union's previous tight censorship in mind as they prepared their lists. More than 40 books were banned during the last fair in 1979.

Soviet officials emphasised that, as in past years, they would permit no display of "publications extolling war, violence, racism and hatred of mankind."

During the 1977 and 1979 book fairs that prohibition was interpreted to include such works as George Orwell's "1984" and Animal Farm.

Insurance outlay rises steadily

BY JOHN WICKS IN ZURICH

THE WORLD premium volume for direct insurance business reached $392bn (£213.6bn) in 1979, according to a report prepared by the Swiss Reinsurance Company, of Zurich. This compared with less than $21bn in 1950.

Insurance spending thus expanded much more rapidly than overall economic growth in the past 30 years. Although the average 10.7 per cent increase in the absolute premium sum in the period 1950-79 was due partly to inflation, the report still puts real growth at between 5.3 and 6.7 per cent annually for the years in question.

Over the entire 30 years, well over 90 per cent of the direct insurance premium volume was accounted for by industrial nations belonging to the Organisation for Economic Co-operation and Development (OECD). This showed a slight decline from 97.1 to 95 per cent during the period.

However, the share of the North American market is said to have dropped from three-quarters of the figure in 1950 to only 50 per cent in 1979.

A breakdown of the various forms of direct insurance shows that the share of life policy premiums fell from 48.2 to 39.3 per cent over the period.

By 1979, motor insurance had moved into second place, with 21.5 per cent of the total, closely followed by accident, health and general liability business with 20.6 per cent.

In the reinsurance sector, the report estimates that by 1979 total non-life reinsurance premiums had reached a level of $38.4bn, excluding Eastern Bloc countries and China. This compares with only $5.6bn as recently as 1965.

While no comparable figures are available for life reinsurance, the company says the respective premium volume is unlikely to exceed 10 per cent of that for non-life reinsurance.

By 1979, Swiss Reinsurance says the number of domestic direct insurance companies had risen to 10,345, of which 6,790 were non-life insurers, 2,700 life assurance companies and the remainder mixed undertakings.

The number of "professional reinsurers," excluding foreign branch offices and state monopolies, is given as 240.

French launch nuclear submarine

CHERBOURG — France yesterday launched a nuclear-powered submarine designed for convoy protection.

The Saphir is the second of a fleet of 10 scheduled to go into service by the year 2000. The French say the 2,385-tonne, 72-metre Rubis-class craft are the world's smallest nuclear-powered submarines.

M Charles Hernu, Defence Minister, speaking after the Saphir's launch, described the submarine class as one of the key elements of French naval strategy.

The first of the class, the Rubis, is undergoing deep-sea trials and is due to go into service next summer. The fleet will be based at Toulon.

Mitterrand pledges more aid to Third World

BY DAVID HOUSEGO IN PARIS

PRESIDENT Francois Mitterrand yesterday committed France to a major aid effort towards the Third World when he opened a United Nations conference in Paris on help for the least-developed nations.

He declared that France's objective would be to achieve the UN target of devoting 0.7 per cent of its gross national product to aid by 1988—the last year of his Presidency—as against an existing level of 0.35 per cent as calculated by the French Government. French figures do not include aid to its overseas territories.

The target is not new but the timetable involves, if achieved, what would be a phenomenal effort at a time when the U.S. and other industrialised countries are cutting back on aid. It is by no means clear how such a sharp increase would be financed at a time when the Government's own domestic programme is already straining the budget deficit.

Some diplomats expressed scepticism over the timing, believing that, as with the nationalisation programme, officials were more keenly aware of the difficulties.

Indeed M Pierre Cot, Minister for Co-operation and Development, said in an interview with the magazine Le Point this week in existing economic circumstances it would not be realistic to set a timetable for achieving the UN 0.7 per cent target.

If France's assistance to its overseas territories is included, then on the criteria set by the Organisation for Co-operation and Development France already ranks as one of the major nations spending $4bn (£2.2bn) or 0.6 per cent of its GNP on aid in 1980.

President Mitterrand used the occasion of the UN conference for a major policy statement to set out France's belief in the community of interest between rich and poor nations and on the need to revive the North-South dialogue.

Echoing arguments of the Brandt Commission, he said that industrialised nations would be dependent on Third World markets for a revival of growth.

"To help the Third World is to help oneself," he said, "and to find a way out of the (world) crisis."

In a further concession to Third World views, President Mitterrand said that France favoured the stabilisation of export earnings for Third World countries. He repeated French support for the UN sponsored Common Fund to stabilise commodity prices and said that France would make various proposals for extending existing export earnings stabilisation schemes.

The aim of the two-week conference is to finalise a 10-year programme of action for the world's 31 least-developed nations with an income per head of less than $200. These include 21 African states — among them Somalia, Sudan and the Central African Republic (where there was a coup d'etat yesterday), as well as eight Asian states, one from the Pacific and one from the Caribbean (Haiti).

The conference, at which some 2,000 delegates are present from developing and industrialised nations, was one of the few concrete initiatives to emerge from the Unctad V conference in Manila in 1979.

The economic situation of the 31 fell back in the 1970's as a result of falling export prices for their key commodities.

Because of the present adverse aid climate and because even countries like France feel that the definition of the 31 least developed is arbitrary, the official aim of the conference is described as establishing what magnitude of aid would be required in the 1980s rather than seeking fresh pledges. Individual donor nations may make unilateral offers.

Japan liberalises aid terms, Page 4

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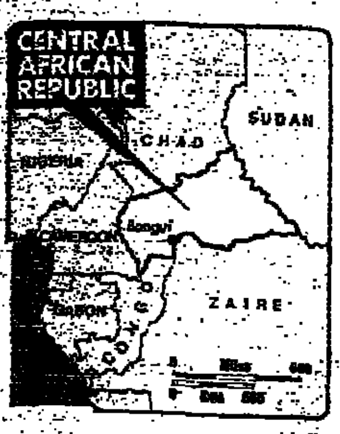


Army coup in Central African Republic

By Patrick Cockburn

THE ARMY seized power yesterday in the Central African Republic, forcing the resignation of President David Dacko. The constitution and political parties have been suspended.

The coup comes two years after the overthrow, with *strong French backing of the* regime of Jean-Bedel Bokassa, who had declared himself emperor of the impoverished country, and was at the centre of a long-running scandal over a gift of diamonds to M Giscard d'Estaing, the former French President.

In a relaxed statement after the takeover Gen Andre Kolingba, commander of the 5,000-strong army, said he had demanded and received the president's resignation because he was concerned about Mr Dacko's health and the political tension in the country over the past six months.

He was not imposing a state of siege or a curfew and the airport at the capital, Bangui, has stayed open.

The takeover was not opposed by the 1,600 French troops in the country. Since President Mitterrand's election, French policy has been to keep a lower profile in its former colonies in West Africa. French officials described the coup as a purely Central African affair.

President Dacko was elected in March with just over 50 per cent of the vote. Since then he has outlawed opposition parties and declared a state of siege, using the army to break up political meetings or demonstrations. He was criticised for continuing to rely on French military support.

Early last month the ban on opposition parties was lifted and the state of siege ended but this did not save *President Dacko from* the takeover.

The economy of the country, much of which is bush and rain forest, was *ruined* by the long rule of Bokassa. Some 90 per cent of the 2.5m population depends on agriculture but the country exports annually some $500m (£270m) worth of diamonds, cotton, coffee and timber. Production of these, however, has been dropping since the late 1970s.

Australian pay claim rejected for second time

By Patricia Newby in Canberra

A pay claim by Australia's 120,000 Transport workers, which caused crippling strikes in July and August, was rejected yesterday by the Australian Arbitration Commission.

However, the transport workers will still get a A$20-a-week increase agreed privately with employers after national stoppages which threatened food and petrol supplies in some cities.

The arbitration commission has refused twice to ratify the agreement which would mean applying *it nationally*.

The *Australian Council of* Trade Unions will now almost certainly press for a A$30 (£18.62) a week rise for all workers. Failure to meet a national claim could result in widespread strike action.

Israel in fresh attack on Europe over PLO

BY DAVID LENNON IN JERUSALEM

MR YITZHAK SHAMIR, Israel's Foreign Minister, yesterday attacked Mr Bruno Kreisky, the Austrian Chancellor, and M Claude Cheysson, the French Foreign Minister, for their recent statements in supsport of the Palestine Liberation Organisation (PLO).

He accused the Austrian leader of blaming the victims rather than the murderers, following the attack on the main synagogue in Vienna on Saturday, and said M Cheysson by meeting Mr Yassir Arafat, the PLO chief, was winning Palestinian confidence at the expense of relations with Israel.

His criticism will intensify the continuing deterioration in relations between Israel and Europe, highlighted earlier this year by attacks on European leaders by Mr Menahem Begin, Israel's Prime Minister.

Mr Shamir hinted at Israeli *retaliation* for recent Palestinian terrorist attacks in Europe when he warned that, *although* thre is a ceasefire with the PLO in Lebanon, "if the terrorists believe they have immunity to act against us elsewhere, this is an illusion they have *created*."

He told a Jewish Agency conference in Jerusalem: "This week Jewish blood again covered the streets of Vienna. We in Israel did not need the slaughter in Vienna to understand what the PLO is. To our regret, there are governments who know what the PLO is, but yet reach opposing conclusions."

He attacked Mr Kreisky for saying after the synagogue attack that "the bad treatment of the Palestinians in Israel is *one of the causes for these condemnable extreme actions.*"

By blaming Israel, Mr Shamir said, "the Austrian Chancellor subscribes to the theory that it *is the victim rather than the* murderer who is responsible for the killings."

Referring to the weekend meeting between M Cheysson *and Mr Arafat, the* Israeli Minister said that, while M Cheysson believes a peace initiative must be started by winning the confidence of both Israel and the Palestinians, "between us and the PLO there is no gap which can be bridged."

Mr Shamir denounced the comparison made by his French counterpart between the *struggle of the Palestinians* against the Israeli occupation and that of the Afghanistan people against the Soviet occupiers and of the French in World War II against the Nazis.

"I do not know if the words of Cheysson won the confidence of the PLO, but they certainly did not win our confidence," the Minister said.

Replying to a question about co-operation between the PLO and *neo-Nazis*, Mr Shamir took a parting shot at the Socialist governments of France and Austria. "For Israel there is no difference between co-operation between the PLO and the Nazis and co-operation between the PLO and the Socialists. If their objective is to destroy Israel, it is all one battle."

Khomeini warns courts against over-reaction

BY TERRY POVEY IN TEHRAN

AYATOLLAH KHOMEINI, Iran's supreme leader, has warned the courts not to overreact after Sunday's bomb blast which *killed the President* and the Prime Minister. His statement is seen as reflecting growing concern among some leaders that summary executions may be helping their opponents and, should a mood of revenge sweep the country, the régime's future could be at stake.

Ayatollah Khomeini said on State radio the revolutionary courts "must not lose control of themselves and act excessively" because of the killings. "Do not let these events lead you to treat prisoners more *harshly*."

Hajatoleslam Hashemi Rafsanjani, Speaker of Parliament and one of the two members of the ruling presidential council, said the regime would not fall into the trap being set for it by the opposition. "The terrorists are trying to force us to act severely and so to lose popular support."

Both statements contrasted sharply with those made during Monday's funeral of the victims of Sunday's bombing. Then, both the crowd and the speakers repeatedly demanded swift retribution and revenge for the deaths.

It remains to be seen whether Iran's leaders have the necessary control to prevent retaliatory action. However, since Sunday the much-feared wave of executions has not taken place and *for the first time in weeks* the total reported yesterday was in single figures.

Instead of revenge, the nation seems to be focusing on the unanswered questions arising from Sunday's killings. The Government has failed to finalise and identify the dead and injured from the incident, or, to give any explanation about how it could have taken place.

There is speculation that Ayatollah Mahdavi Kani, the Interior Minister, yesterday was named as interim Prime Minister, and the central committee of the dominant Islamic Republican Party also named Hojatoleslam Sayyed Ali Khamenie as the successor to the position of general secretary. Mr Khamenie, the Friday prayer leader in Tehran, has spent the last two months recovering from an attempted assassination.

The assassination of two more clerical supporters of the regime in Tehran were reported yesterday, as were a number of other violent incidents as the opposition continued its campaign begun two months ago following the dismissal of Mr Abolhassan Bani-Sadr from the presidency.

Sierra Leone emergency

FREETOWN — President Siaka Stevens declared a state of emergency *in Sierra Leone* yesterday as the trade unions staged a general strike in support of economic reforms.

The headquarters of the Sierra Leone Labour Congress was sealed off by security forces and about 15 union officials were said to have been arrested.

The state of emergency, proclaimed in a nationwide broadcast, *provides* for detention without trial as long as it lasts.

Freetown, the capital, was uneasily calm, with most businesses closed. A few government offices were open. Traffic was light.

In an earlier broadcast, the President declared: "Government *is constrained in* the interest of public order and safety to take a firm stand on the issue."

The congress's demands include cuts in the price of basic foods, measures to ease unemployment, and improved housing and roads.

It insists that President Stevens withdraw an assertion that the congress had no authority to bargain for workers. It says trade unions have given it the power to act for them in the dispute.

Reuter

Threat to autonomy deal in Pacific

By Kevin Rafferty in Noumea, New Caledonia

THE U.S. will hand over self-government to the Pacific islands of Micronesia within the next *few* months. Although they plan to continue their association with the U.S., there are signs of the whole deal coming unstitched.

Some of the smaller islands are trying to bargain for a new deal which will leave them on their own and not as part of a larger federation. The Marshall Islands have threatened to cut links with Washington and seek full Indépendence if President Ronald Reagan delays ratification of the autonomy deal which was worked out with former President Jimmy Carter.

Great-power interest in the Pacific Ocean has increased as a spate of small islands have recently become independent and as exploration techniques in deep-sea mining have advanced.

This week, there was a change of government in the Solomon Islands, the former British colony and largest of the Melanesian countries *apart from Papua-New* Guinea.

Mr Solomon Mamaloni, the new Prime Minister, declared that if he could not get *enough assistance from* traditional Western sources, he was quite prepared to look to the Soviet Union.

Washington has been *governing* 2,000 islands *of the* Marianas, Carolines and Marshall groups north of Papua-New Guinea since 1947 under a United Nations trusteeship agreement which is due to run out at the end of the year, though no decision has yet been made as to the exact date.

Agreement had been made *for the islands to be self-*governing in four main groups, though all would preserve links with Washington.

The Northern Marianas are scheduled to become a commonwealth of the U.S. like Puerto Rico. The other three groups, the Republic of Palau, the Marshalls, and the Federated States of Micronesia, comprising the Truk, Yap, Ponape and Kosrae Islands, are due to be self-governing.

According to officials meeting in Noumea to discuss Pacific fisheries questions, jealousies have broken out among the four groups due to *join the Micronesian federation.*

Public sector faces 4.8% pay limit

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has angered public sector unions by proceeding with a formal recommendation that Government employees should receive pay increases of only 4.8 per cent in the fiscal year that begins on October 1.

Under the Pay Comparability Act, designed to keep Federal workers' wages in line with those in the private sector, the 1.4m public employees could *normally* have *expected* a 15.1 per cent rise.

The White House, however, says the public employees will have to "share the burden" of the Reagan Administration's clamp down on public spending. The 4.8 per cent increase would save taxpayers $4.5bn a year (£2.5m) it claimed.

The Administration rejected the 15.1 per cent figure on the grounds that it did not take full account of the higher fringe benefits for Government employees.

Congress now has until the end of the month to disapprove Mr Reagan's recommendation, already contained in the Budget Bill that obtained Congressional approval at the end of July.

The American federation of Government employees, the largest Federal union, said the proposed rise was far less than the rise in the cost of living and was "not only unfair, but totally insensitive to Government workers who suffer from inflation *like everybody else.*"

Federal workers, however, are debarred by law from negotiating their wages or going on strike—as vividly demonstrated by the air traffic controllers this summer.

The 4.8 per cent rise would be the smallest since a 4.8 per cent increase in 1973, and would be about half the size of last year's rise.

It would apply to all employees earning up to $50,112 a year. Senior White House *staff and Cabinet members* will receive no increase.

End to Canada oil row in sight

BY JIM RUSK IN OTTAWA

AN END to the bitter 18-month row between the Canadian Government and the Province of Alberta *over* oil prices and taxation appeared in sight last night.

Mr Pierre Trudeau, Canada's Prime Minister, and Mr Peter Lougheed, the Alberta Premier, were meeting in Ottawa last night. They were expected to put the final touches to an accord thrashed out during a week of intensive ministerial negotiations which would end the dispute over oil pricing and the sharing of oil revenues.

Alberta provides about 85 per cent of Canada's oil and gas requirements.

Both Mr Lougheed, who over *the weekend took personal charge of the Alberta side in* talks, and Mr Trudeau are anxious to reach a settlement. They were not judged likely to meet personally unless the chance of success was high.

Few details of the prospective accord are known, but the draft document of more than 30 pages is so complex it was described by one senior official as "*a Jesuit's delight.*" *It has been* hammered out in six days of negotiations that ended in Montreal on Monday.

In the package, Alberta has conceded that Ottawa should receive a higher proportion of revenue from oil price increases than its traditional 10 per cent share.

On its side, Ottawa would no longer pursue its earlier plan, *announced in last October's* Budget, of imposing an export tax on natural gas.

To offset the loss of gas tax revenue, the Federal Government would raise its 8 per cent levy on petroleum and natural gas revenue from Canadian production.

The agreement is also likely to include a two-tiered pricing *system for oil, under which oil* from already discovered fields will be priced lower than oil from fields recently or not yet discovered.

In early trading on the Toronto stock exchange yesterday oil issues showed renewed strength because of investor optimism that an agreement will be announced between Alberta and the federal government.

Ford raises 1982 car prices

THE FORD Motor Company, the second largest U.S. car manufacturer, is increasing the prices of some its new 1982 car models by between 4.7 per cent and 7 per cent, Paul Betts reports from New York.

The *higher-than-expected* increase in Ford new models reflects a general trend in the U.S. car industry whereby the main manufacturers are seeking to improve profit margins which have been hit by the big discounts they have offered to boost sales in a generally soft market.

Chrysler and General Motors have already announced average price increases for their 1982 models of 7.7 per cent and 6 per cent respectively.

The higher-than-expected price increases are regarded as an attempt by the three companies to test market conditions. But most U.S. car industry analysts expect the companies *to eventually* reduce these increases.

Foreign payment rule may ease

BY PAUL BETTS IN NEW YORK

THE REAGAN Administration is seeking to improve the international competitiveness of U.S. companies by proposing to modify certain parts of the Foreign Corrupt Practices Act which it believes at present *places U.S. groups at a competi*tive disadvantage.

This was confirmed by Mr William French Smith, the U.S. Attorney-General, who told an *international* lawyers' conference in New York that the U.S. planned to water down or eliminate some of the provisions in the 1977 legislation.

Mr French Smith said the legislation prohibited conduct by foreign intermediaries of U.S. companies which "is *generally accepted in* other countries."

Under the 1977 Act, U.S. companies can be prosecuted for bribes paid by foreign agents even *if they did not authorise* them.

In his speech, the Attorney-General aid: "Although this country intends to ensure that its own companies refrain from engaging in bribery abroad, we are undertaking to amend our law to show a more appropriate *regard for practices that do not* reach that level, and that are acceptable in foreign countries."

U.S. business has repeatedly complained that the Act undermined *its competitive* position in several international markets.

Mexico's oil reserves 'up 6%'

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S President, Sr Jose Lopez Portillo, yesterday announced a 6.1 per cent increase in the country's proven oil and gas reserves.

Proven hydrocarbon reserves have risen from 67.8bn barrels to 72bn barrels. Potential reserves in Mexico, the world's fourth largest producer, remain at 250bn barrels.

The announcement, made during the annual state-of-the-nation speech, comes at a time of a world oil glut.

Mexico was forced to cut its production by some 700,000 barrels per day in June and July when exports fell below half the previous level of 1.4m barrels a day.

The President said that many export contracts which were suspended have now been re-*negotiated.* Shipments would average about 1.25m barrels a day for the rest of the year. Oil and gas export revenues would be about $15bn (£8.3bn)—several billion dollars less than envisaged.

Oil now represented 7 per cent of the gross domestic product, the President added. Since he took office five years ago, Mexico's proven hydrocarbon reserves have risen almost 12-*fold* and potential reserves have more than doubled.

Capital spending up

The 1,000 largest U.S. manufacturing companies approved capital spending totalling $29.1bn (£16bn) on a seasonally adjusted basis in *the second quarter of 1981*—a 5 per cent increase over authorisations in the first quarter of the year. Our Foreign Staff reports.

The Independent Conference Board research group said the rise in capital appropriations, authorisations to spend money in the future, was fuelled entirely by non-petroleum industries,

Argentina arms hopes

Argentina's foreign minister, Sr Oscar Camilion, said his country hopes that the U.S. Congress will soon lift an arms embargo imposed in 1978 on human rights *grounds. AP reports from* Washington.

Venezuela's oil industry comes under pressure

BY KIM FUAD IN CARACAS

LATIN AMERICA's largest company, Petroleos de Venezuela marked its sixth anniversary last Saturday, faced by growing political and economic pressures after a period of successful management of the state oil industry.

The company is being pressed by the government to take the vanguard in promoting Venezuelan industrial development at a time when the company is feeling a lack of manpower is constraining expansion and futures sales growth appears uncertain because of the oversupply of oil on world markets.

Since the nationalisation of Venezuela's oil industry in 1976, the company has *fulfilled* its task *of maintaining efficiency* and increasing fiscal revenue. Now, however, the Christian Democrat Administration of President Luis Herrera Campins wants the industry to widen its role, promoting the development of local capital goods production and providing social and economic services in the areas where it operates.

Most Venezuelan oilmen are dead set against this new policy. "The industry now faces enough major challenges in strictly oil projects without taking on non-oil tasks," one expert said. "Our social function should be limited to that and not include building roads, hospitals and schools," he added.

The oil industry *is a major* purchaser of capital goods and will be spending some $7bn over the next five years. President Herrera wants the company to give preferential treatment to Venezuela's fledgling industries. His Government, in fact, is already drafting a "Buy Venezuelan" decree which would make *such preferences* over imported goods compulsory.

Venezuelan oilmen fear that locally made goods will be more expensive, lower in quality and slower in delivery than imports. They fear compulsory purchase of local goods could have a serious impact on the success *of such major projects* as the development of the Orinoco oil belt's huge resources.

The industry's economic future is also uncertain. After three years of steady growth in oil sales, output is now down by 10 per cent to 2m barrels a day.

Sales grew by 33 per cent last year to $18.8bn while the company's profits rose 18.4 per *cent to over $3.4bn. "But our* investments and operating costs are also climbing, so if sales flatten out, we'll feel the pinch," a company director said.

New capital investments rose by almost 50 per cent in 1981 *to* $2.2bn while overall costs were up by 15.5 per cent to $5.2bn last year.

There are fears within the industry that the government, pressed for funds, could raise the oil taxes which provided the oGevrnment with $12.9bn in 1980. It could also dip into the company's dividends for the first time since nationalisation. Either move would reduce growth in the company's investment reserves which came to around $7bn in mid-1981.

Caracas takes on role of Opec hawk

Venezuela led the resistance to a reduction in the Organisation of Petroleum Exporting Countries' oil price at last month's meeting in Geneva. This effectively stopped Saudi Arabia from reuniting the oil price on a marker of $34 a barrel, Patrick Cockburn writes.

Sr Humberto Calderon *Berti, Venezuela's Minister of* Mines and Hydrocarbons, demanded that the marker by which oil prices are calculated should stay at $36. He said Venezuela had no reason to cut its prices

Venezuelan intransigence caused great surprise to other members of Opec as the country has previously played a moderating role within the organisation and has frequently allied itself with Saudi Arabia. It has never before led the hawks.

Venezuela has not been as *badly hit as the rest of Opec* by falling world demand and high Saudi production but its *oil* industry is markedly different from theirs.

Although demanding a $36 a barrel marker for crude, Venezuela's average selling price for a barrel of oil, under its Sixth National Economic Plan, is only $30.15.

Much of this oil is in the form of very heavy crudes or refined product. Last year, heavier grades made up 58 per cent of its crude exports of 1.3m barrels a day.

Refined products averaged some 600,000 b/d. Venezuela's biggest market for crude is in the Caribbean, though Europe is increasing its share.

Joblessness and restive unions pose serious challenges for Kaunda

BY MICHAEL HOLMAN IN LUSAKA

THE TIMES of Zambia last month carried a photograph on its front page of what appeared to be a successful politican acknowledging the cheers *of constituents.*

Arm raised in salute, a broad smile across his face and surrounded by apparently jubilant supporters, Mr *Valentine* Musakanya looked a happy man. In fact, the former Bank of Zambia Governor is on trial for his life.

The picture was *taken* outside Lusaka magistrates' court where Mr Musakanya and 12 others are charged with plotting last year to hijack President Kenneth Kaunda's *aircraft* and force him to hand over power.

The group includes a prominent Lusaka lawyer, a brigadier general, two majors and, at one point, Maj Gen Christopher Kabwe, the suspended commander of the Zambia Air Force.

Maj Gen Kabwe had figured prominently in the state-owned newspaper the day before Mr Musakanya. But he was celebrating his unexpected, and unexplained, release from incarceration with an interview in which he forthrightly condemned detention without trial.

The Times' treatment of a highly sensitive matter may well have displeased some members of the Government. But Zambia is not one of those African states where the first picture the outside world sees of alleged plotters is their slumped corpses on a beach or barracks square.

The public sympathy for the alleged conspirators is difficult to gauge. Criticism of government is frequent and open, particularly from some of the *victims* of President Kaunda's frequent shuffles. But most critics acknowledge they are free to go about their legitimate business. The degree of tolerance in Zambia's one-party state makes many would-be dissenters think twice. This may help explain how President Kaunda has so far been able to ride out the toughest time of his long political career.

The past 11 months have been traumatic. They began with the dramatic disclosure last October of an attempt to overthrow the Government. The plot continues to unfold and it may be several months before the judicial process concludes.

There have been other, equally serious, signs of tension. When he disclosed the plot, Dr Kuanda broadly hinted that the country's trade union movement may have been involved.

The hint further strained relations between the ruling United National Independence Party and the Zambia Congress *of Trade Unions. Later in the* year, albeit over a different issue, 17 union officials were expelled from the party but defiantly retained their posts in the union. They included *Mr* Frederick Chiluba, the chairman of the trade union congress and were not re-admitted to the party until April.

The expulsion was one cause of the eight-day strike last January by 55,000 workers at the state-owned copper and cobalt mines, which provide over 95 per cent of Zambia's export earnings.

Two further labour disputes —over food and pay demands by skilled Zambian miners—brought some of the mines to a near halt in June and July. On the diplomatic front there has also been trouble. In June, the Government expelled two *U.S. diplomats, claiming they* had links with the Central Intelligence Agency.

Relations with the labour movement reached an all-time *low in July* when *four* senior officials, including Mr Chiluba, were detained by the President.

Announcing the arrests in a nation-wide broadcast, Dr Kaunda said: "It was the only action which was left to the Government to maintain industrial peace and preserve security in the country."

Illegal strikes had nearly doubled last year, Dr Kaunda said. "The impact on the economy has been disastrous," he declared, and accused the unions of *being "against* the socialist policies of the party."

The president was taking a considerable gamble. The Copperbelt mining towns are *dominated by the Bemba*, Zambia's largest single tribe who are amongst Dr Kaunda's strongest critics.

But at some stage, Dr Kaunda *had to crack down on growing* union defiance or run the risk of losing control. It is too soon to say whether his gamble has succeeded. The unions issued an ultimatum, calling on the president to justify his actions or face further strikes. They have now effectively backed down. But most observers believe that further labour unrest, with political undertones, is inevitable in the coming months.

Most Zambians continue to *suffer a steady decline in their* standard of living, and the temptation to blame the Government will be strong. The economic picture remains grim, *except in the maize crop, where* the country expects to regain self-sufficiency this year.

Zambia has yet to feel the benefit of an International Monetary Fund (IMF) Extended Fund Facility loan of 800m Special Drawing Rights ($904m) although the first drawing of SDR 120m was made in May.

The effects of the IMF programme have been felt in other ways. Conditions included a Government commitment to the steady reduction of consumer subsidies *and the inevitable* increase in food prices. The price of maize meal, the staple diet, has risen between 30 per cent and 50 per cent since January, according to quality. Prices of meat, dairy produce, bread, salt, and sugar have gone up between 12 per cent and 40 per cent.

Copper production fell to 176,000 tonnes in the first quarter of this year, compared with 199,000 tonnes in the same quarter last year. The fall was partly the result of the January strike. Oil supplies have cost the country as much in the first seven months of this year as in the whole of 1980.

But, perhaps, the single most disturbing statistic came last month from Mr Kingsley Chinkuli, the Minister of Youth and Sport. He estimated that 1m young people in a population of 5.8m were without jobs. Many will be scratching a meagre living on the land

A protracted economic slump and austerity measures, serious unemployment and restive unions makes a formidable combination for the president to tackle.

Kaunda: toughest test

Sharp rise in trade between Asean nations and EEC

BY RICHARD COWPER IN JAKARTA

TRADE BETWEEN the five-member grouping of the Association of South East Asian Nations (Asean) and the European Economic Community (EEC) continues to expand at a rapid rate.

Figures just released show that last year trade between the two communities grew by a record 32 per cent from $13.2bn (£6.9bn) in 1979 to $17.4bn in 1980, and in the space of four years total trade between the two economic groupings has almost doubled.

Last year, Asean's exports to the EEC jumped by 35 per cent from $7.3bn to $9.8bn, while Asean's imports from the European Community grew 30 per cent from $5.9bn to $7.6bn.

As Asean/EEC trade has expanded, however, the terms of trade have moved increasingly in Asean's favour.

In 1975, Asean had a trade deficit of $1bn with the EEC, but by 1977 this had turned into a $300m surplus. Last year this surplus grew 45 per cent from $1.5bn to $2.2bn, and Asean seems set to maintain this favourable balance of trade for least the next two to three years.

The figures, released by the local office of the EEC Commission for South and South East Asia, show that Singapore is the EEC's largest trading partner in Asean. Accounting for almost 30 per cent of the total, last year Singapore more than doubled its exports to the EEC from $1.3bn in 1979 to $2.6bn in 1980, while its imports from the European Community also expanded sharply from $1.8bn to $2.5bn.

Next to Singapore, Malaysia is the EEC's largest trading partner, and together the two account for slightly over half of the total Asean trade with the EEC.

Next to the growth in Singapore's trade with the EEC, perhaps the most notable development was the increase in Indonesian imports from the European community. Last year, Indonesia's imports grew by 65 per cent to $1.8bn to transform what had been a comfortable trade surplus with the EEC of $375m in 1979 into a deficit of $90m.

What the figures do not show, however, is that despite the steady growth in trade between the two communities, trade with Asean accounts for just a tiny proportion of the EEC's total world trade—well under 2 per cent.

For Asean, however, the EEC is much more important: the European Community is Asean's third largest trading partner—after Japan and the U.S.—and accounts for almost 15 per cent of the South East Asian grouping's total world trade.

John Brown wins £30m Abu Dhabi contract

By Mark Meredith, Scottish Correspondent

JOHN BROWN Engineering of Clydebank yesterday announced a £30m turnkey power project order from Abu Dhabi—the company's first major sale involving its new fuel-efficient "Frame 6" gas turbine.

A further £10m contract to supply and instal packaged power plants in Papua, New Guinea, brings company orders so far this year to £130m.

Mr Graham Strachan, managing director of John Brown Engineering, said the Abu Dhabi order came against a shortlist of competitors, including Westinghouse of the U.S., Brown Boveri of Switzerland, and GEC of the UK.

The Frame 6 gas turbine, which produces over 35 MW of power while being no bigger than previous machines producing only 25 MW, is designed to generate electricity with greater fuel-efficiency.

The Abu Dhabi order covers the manufacture, installation, and commissioning of the power project of over 100 MW at Bani Yas town power station for the water and electricity department.

The second £10m order from the Australian Mineneco concern covers the supply and installation of two packaged power plants based on the Frame 6 turbines for delivery to Bougainville Copper in New Guinea.

Tokyo looks to North American oil and gas

BY PAUL BETTS IN NEW YORK

JAPAN IS looking increasingly towards secure North American oil and gas supplies to reduce the country's heavy reliance on Middle East crude.

The Japanese Government is expected to begin talks with Washington shortly to gain access to substantial amounts of Alaskan crude. At the same time, Japanese utilities have negotiated major contracts with Canadian energy companies for Canadian liquefied natural gas.

The Japanese problem was aggravated yesterday with indications in Tokyo that Japanese refineries and trading houses might reduce or even stop imports of Iranian crude in light of the deepening political crisis in Iran.

The refineries and trading houses temporarily suspended delivery of 230,000 barrels per day of Iranian crude last month pending negotiations for a cut in the official price of $37 per barrel.

In addition, the Mitsui industrial group said at the weekend that the future of its $3.6bn venture with Iran to build a petrochemical complex at Bandar Khomeini has become more uncertain because of the unrest.

An official said the group was still awaiting an answer from the Iranian Government to a proposal that the 85 per cent finished complex should be completed with Iranian funds because Mitsui, a private concern, could put up additional cash no longer.

The extent of the dilemma for Mitsui, which has Japanese Government backing, was emphasised yesterday by Mr Rokusuke Tanake, the International Trade and Industry Minister, when he said he would respect any Mitsui Group decision on whether or not to pull out.

Banking officials said here that the Mitsui Group might be able to withdraw if the Japanese Government agreed to pay export insurance to cover an estimated $570m of exports.

Discussions between Japan and the U.S. will centre on a proposal to exchange Alaskan oil for crude supplies Japan has already contracted to buy from Mexico.

While opening access to Japan for Alaskan oil, the exchange would also help reduce the cost of Alaskan shipments to the east coast of the U.S.

At present, about 700,000 barrels a day of Alaskan crude are shipped by tankers through the Panama Canal to the east coast. Under the proposed swap, the east coast would receive the 300,000-500,0000 barrels of oil a day which Japan has contracted to buy from Mexico. For its part, Japan would be supplied with the equivalent amount of Alaskan oil.

But the proposed exchange still faces two major obstacles. The U.S. shipping business is expected to lobby fiercely against the proposal which could result in a substantial loss of business for U.S. tanker operators.

Moreover, Congress would have to amend existing legislation designed to protect U.S. natural resources by limiting exports of domestic oil and gas and other minerals.

But there are signs that the Reagan Administration has mustered sufficient support in Congress to modify the so-called Export Control Act of 1977 which was introduced to safeguard U.S. natural resources from uncontrolled exports.

Concurrently with discussions with the U.S. Government, Japanese utilities are now at an advanced stage of negotiations with Canadian energy concerns to acquire large amounts of Canadian liquefied natural gas.

Dome Petroleum, the largest Canadian non-government oil company, is planning to build a C$3bn LNG facility. The oil company said it will file details of the proposed LNG project by the beginning of December.

Dome has already signed a contract to sell large quantities of gas starting in 1985.

Robert Gibbens in Montreal adds: Two Japanese and one Korean trading company plans to participate in a major liquified natural gas and petrochemicals project planned by Carter Oil and Gas of Vancouver, on the British Columbia coast.

The two Japanese companies are Sumitomo and Marubeni and the Korean group, Daewoo Industrial. The project is designed to ship LNG to Japan. The Carter project is one of three being promoted in British Columbia, where major surplus gas exists.

Crown Agents wins approval for role in contracts

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE CROWN AGENTS has won ministerial approval to act as principal for project contracts overseas using either British or multilateral aid funds.

The approval marks a sharp departure in the Agents traditional role which has been confined to the procurement of goods or the management of funds for foreign governments.

It means that the Agents will now be able to tender for projects and accept full responsibility for them in its own right.

Mr Neil Marten, Minister for Overseas Development, granted the approval in a letter, following representations from the Crown Agents. The letter will be laid in Parliament for 30 days at the end of the month.

If the approval is not rescinded in 40 days after the period needed to win parliamentary agreement, the Crown Agents will be free to embark on its new line of business.

Its first attempt at project management may be concentrated on the effort to win port development contracts in Kenya, a country which has recently been the subject of a significant Crown Agents marketing effort.

The Crown Agents will be restricted, however, to taking on contracts worth a total of £20m and its initial activities in the project management field will be directed at smaller contracts valued at around £5m each.

The initiative in this area springs from the substantial reorganisation of the Crown Agents since, in the early and mid-1970s, it incurred losses of nearly £200m in ill-fated property deals.

The re-organisation has brought with it a more overtly commercial approach to the Crown Agents business and in its first year of incorporation it made a profit, before tax and interest of £2.05m.

The Agents found that it was not possible to win contracts for the administration of multilateral aid from sources like the European Development Fund unless it had the freedom to act as principal.

Acting as principal, the Agents, if successful, should be in the position to channel more business to British exporters. Already, as the administrator of much of the UK's bilateral aid it places equipment and material orders with British companies at the rate of £15m-£20m a month.

Japan liberalises aid terms and relaxes trade element

David Dodwell examines the country's bid for influence

JAPANESE AID to developing countries is likely to grow rapidly in the next five years, in contrast both with the trend among other major donors, and with Japan's own policies for most of the 1970s.

Official development assistance, which was $2.2bn (£1.2bn) in 1978—0.23 per cent of gross national product (GNP)—rose to $3.3bn in 1980 (0.32 per cent of GNP), and is likely to rise to about $6bn a year by 1985.

Once among the more niggardly aid donors, Japan will by 1985 be second only to the U.S. on present trends. As it liberalises the terms on which it gives aid, less funds are likely to be tied to the purchase of Japanese goods and services.

The Japanese commitment, in the face of growing scepticism among donors like the U.S. and Britain about the value of aid, is rooted in a careful assessment of commercial and strategic self interest.

"Whether we like it or not we are a considerable economic power. Since we never intend to use this power in a military way, the influence we have should be of an economic nature," said Dr Saburo Okita, government representative for external relations.

"There is a sense of enlightened self interest here. If poorer countries succeed in developing, then this must have a favourable impact on the Japanese economy," he added.

In pursuit of this "enlightened self interest," the lion's share of Japanese aid goes to countries in its own area. Of bilateral aid totalling $1.96bn last year (about 60 per cent of all aid), three-quarters went to Asia.

More than 35 per cent, or just over $700m went to the five member states of the Association of South East Asia Nations (Asean), which includes Thailand, Malaysia, Singapore, Indonesia and the Philippines.

Japan is by far the most important single aid donor for many countries in Asia. It is the leading contributor to Asia's main multilateral aid agency, the Asian Development Bank.

Historical factors have dictated the direction and nature of Japan's aid. Much Japanese aid after the Second World War went to countries which had been under Japanese occupation as reparations. The continued flow of funds to Asian countries can in part be seen as an attempt to erase memories scarred by Japanese military aggression, although reparations have long been completed.

Japan also smarts at the memory of anti-Japanese outbursts in south east Asia during the early 1970s, when traders' over-zealous efforts aroused charges of "economic imperialism." In 1974, Mr Tanaka Kakuei, the then Prime Minister, had to be airlifted out of riots in Jakarta.

Tied aid, which in 1975 accounted for 40 per cent of all Japan's aid, had dwindled to 16 per cent in 1979. It disappeared last year.

The proportion of aid offered on grant terms has increased. In 1979 it accounted for $673m or 25 per cent of all aid. By last year, it had risen to $914m or 28 per cent.

Japan also gives more aid to the poorest developing countries. Those with GNP per capita at less than $400 a year received 55 per cent of all bilateral aid in 1978 and almost 66 per cent last year. This in part explains the recent rebuff to South Korea when it asked for a substantial increase in aid.

It is not only economic self interest which has stimulated growth in aid spending, but also strategic self interest.

Japan has often been criticised for not giving more aid. Even now, spending 0.32 per cent of its GNP on official development assistance, there are ten countries which spend more when disbursements are measured as a proportion of GNP.

Against the background of an immense budget deficit, the Government's success in doubling aid over the past five years with its commitment to doubling it again in the next five years, is no mean achievement. It reflects the very high priority given to aid by Mr Zenko Suzuki's Government.

While many areas of government spending are being cut—like welfare payments—and while the Government is committed to pegging its 1982 budget to 1981 spending levels, the ceiling on growth in aid spending has been set at 11.4 per cent.

Energy Review: U.K. coal exports

By Martin Dickson, Energy Correspondent

Weaker coal market threatens NCB's plans

A SOLITARY ray of light has penetrated the recessionary gloom at Hobart House, the headquarters of the National Coal Board, amid the collapsing UK markets of the past 12 months: in a major sales drive, the NCB has managed to double its coal exports to 10m tonnes.

But clouds are gathering in the international coal trade which threaten to dim even that achievement in 1982. The coal market has softened markedly, so the NCB will, at best, find it harder to maintain exports at 10m tonnes next year. At worst, there could be a significant drop in sales.

That would be bad news for an industry which is producing far more coal than the UK market can take. The main force behind the export drive has been a drop in the NCB's UK sales, as a result of the recession, from 123m tonnes in 1979-80 to 113m tonnes last year.

Even with exports of 10m tonnes this year, the NCB will have to add about 3m tonnes to national stocks, which at over 40m tonnes are already the highest on record relative to annual production.

The loading of a bulk carrier at Immingham supervised by the ports general manager, Mr H. Marshall.

Exports

Recovery from recession will eventually boost domestic demand for coal but the NCB, currently producing about 125m tonnes a year, may still be extracting more coal than the UK needs by the mid-1980s.

It will therefore continue to rely on exports—and even aims to boost its overseas sales to 15m tonnes by 1985. But current market conditions must place a very large question-mark over the possibility of reaching this goal.

In the short term, there seems little doubt that exporting makes economic sense for the NCB, even though the board is reluctant to reveal details of its deals.

To sell internationally, the board has to match the prices of the main international coal exporters—the U.S., Australia and South Africa (though it is claimed that during the tight market conditions earlier this year the NCB could command a premium over their prices because of the security of its supplies into Europe).

Spot cargoes of U.S. coal commanded a cif (cost insurance and freight) rate of some $70 to $75 a tonne into the main European entrepots of Antwerp, Rotterdam and Amsterdam in the first half of this year.

NCB figures suggest that during this period its average production costs were £33-£34 a tonne. To this must be added the costs of getting export coal to UK ports, probably about £2.50 a tonne, bringing the total to some £36-£37 a tonne.

Whether this means the NCB is covering its average costs with export prices depends crucially on exchange rate movements. The dollar-sterling rate prevailing early this year—$2.30-$2.40—indicates that the NCB was not covering its average costs. The more recent improvement to $1.85 suggests that on new deals it may be.

Averages can give only a rough and ready guide to the profit or loss picture, which will depend on precisely which coals are exported from which collieries. The NCB, for example, is exporting low cost open-cast coal through Cumbrian ports on which it makes a very large profit. Some deep-mined exports from South Wales—which contains the UK's heaviest loss-making pits—must be unprofitable.

On balance, however, the exports make sense. They mean the NCB avoids stocking costs on coal, which are now running at about £5.70 a tonne, and gives the industry added cash flow at a time when it most needs it.

Whether the NCB should be producing as much coal as it is — given current UK demand and its production costs — is more debatable. But when the Board announces plans in February to cut production by 10m tonnes over the next few years — coincidentally, the same figure as its current exports—miners' wildcat strikes forced the withdrawal of the scheme. This will have increased the need for exports.

The coal board's exports rose from 2.5m tonnes in 1979/80 to 4.8m tonnes last year. In 1981/1982 it is expecting exports to top 9m tonnes, with coke sales bringing the total up to 10m tonnes.

Britain is now exporting to more than 20 countries. The more exotic destinations include Turkey, Albania and Brazil, but the bulk of the trade is concentrated in the North European market for steam coal—largely used to generate electricity in power stations.

It has increased its toehold in this market because of an unexpected combination of events. First, the political upheavals in Poland slashed that country's coal production at a time when European demand was on the increase.

Imports of Polish coal into EEC countries totalled only 1.1m tonnes in the first four months of this year—down 75 per cent in 1980. The UK picked up some of this business, but much also went to the U.S.—which then began to suffer troubles of its own.

The American East Coast ports could not cope with the sudden demand for steam coal. Queues of ships lengthened and demurrage charges mounted. Then, to cap it all, many U.S. miners went on strike in March and stayed out for 72 days.

All this has given UK exports a sharp boost. But the international position has changed markedly in the past few months, making the outlook far less rosy.

Demand in Europe and Japan is slack, partly because it is summer, partly because of the recession, partly because stocks are high because of pre-U.S. strike panic buying, and partly because high interest rates make stockholding more expensive.

On the supply side, more U.S. coal is becoming available — and at cheaper landed prices in Europe. Port congestion in the U.S. has eased substantially. New loading facilities are coming on stream at New Orleans, Mobile, and Morehead City taking pressure off Hampton Roads and Baltimore, the main East Coast export terminals.

New registration procedures on the East Coast, which mean vessels can join a docking queue without being physically present, have also helped. Some 40 to 50 vessels are now waiting to load at Hampton Roads, compared with more than 150 at the start of the year. Demurrage charges, which add significantly to the delivered price of U.S. coal, have dropped from around $10 to $5 a tonne.

NCB STEAM COAL EXPORTS 1980-81

Millions of tonnes

France	1.3
W. Germany	1.3
Netherlands	0.05
Denmark	1.0
Ireland	0.2
Others	0.95

Freight rates have also been falling, further reducing the price of U.S. coal in Europe. Fixings for a 50,000-tonne cargo from Hampton Roads to Europe now stand at around $8.75 a tonne compared with $10.50 in June.

The NCB will be hoping for a reversal of this trend as the grain market picks up and poses competition for coal. But the feeling among shipping analysts is that freight rates are likely to remain depressed into next year because of the large volume of new bulk carriers entering the market.

U.S. export volumes, meanwhile, seem to have held up well—despite the strike. Its steam coal exports totalled 13.3m tonnes in the first half of this year, compared with 4.6m tonnes in the same period of 1980 and the National Coal Association is projecting full-year figures of 26m tonnes, compared with 14.5m tonnes in 1980.

With excess production capacity in the U.S. of 100m to 150m tonnes and a major port expansion programme now well under way, there seems little immediate prospect of a new international shortfall.

All this means that the current price trend is downward. Delivered prices next year to Europe are not expected to rise on this year and some dealers suggest they are already falling significantly, with lower quality coals $5 to $10 off peak rates earlier this year.

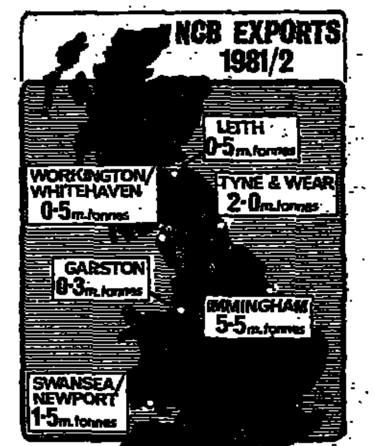
For the NCB, this means it will be much harder to match 1981 export volumes, and prices are likely to be static or downward while its production costs go on rising.

If this trend persists, the Coal Board's plans to raise exports to 15m tonnes, involving additional capital investment at UK ports, will look over-optimistic.

These clouds, however, should not detract from the NCB's achievement in pushing 10m tonnes through UK ports this year with very little spending on new infrastructure. How has it done it?

Much is due to the NCB's export terminal at Immingham on the Humber, the UK's largest coal port, which has trebled its throughput in three years to reach 5.5m tonnes in 1981-82. For the first time since it was built 10 years ago Immingham has been working around the clock and is now at the limit of its capacity.

But smaller ports around the UK have also contributed. Some 2m tonnes will be moved from Tyneside and Wearside, 500,000 tonnes from Leith on the Scottish East Coast and shipments could also be going out from the Clyde.



In Cumbria, Whitehaven and Workington should between them shift about 500,000 tonnes. Perhaps the greatest success has been at Newport Docks, in South Wales, where 700,000 tonnes will be exported this year, the first time for many years that coal has gone through the port. Swansea will bring South Wales exports to about 1.5m tonnes.

But with existing facilities it would be very difficult for the NCB to export much more than 10m tonnes. The Coal Board is, therefore, considering plans to raise port capacity to about 15m tonnes.

Last month it asked the Port of Tyne Authority to progress to tender stage a project to develop new facilities at Jarrow Slake, Tyne Dock. This would involve building new staithes capable of handling vessels of 25,000 tonnes, twice the size of those now being loaded in the river.

Capacity

The project, likely to cost over £5m and to be completed in 1984, would boost the North East's annual capacity by over 2m tonnes, giving a total export potential of 4m tonnes in addition to the 6m to 7m tonnes shipped from the region to power stations around the UK.

Any further expansion would probably be concentrated at Immingham. Sir Derek Ezra, the NCB chairman, said earlier this year that its capacity might eventually be raised from 5m tonnes to 8m tonnes.

Sir Derek's overall strategy has been to establish the NCB as a reliable, short-haul supplier of coal to Europe now so that it can take full advantage of the upturn in demand when the recession ends. He has achieved the first goal admirably. But the second will be an uphill struggle. The international coal trade is no less ruthless than any other market and past reliability may count for little if supply remains strong and demand soft.

CBI will question party officials on economic policies

BY MAURICE SAMUELSON

LEADING representatives of the four main political parties will appear at the opening of this year's national conference of the Confederation of British Industry which promises to be the most politically charged that it has held.

In an eve-of-conference brains trust on the economy delegates will aim questions at Sir Geoffrey Howe, Chancellor of the Exchequer; Mr Peter Shore, the Labour Party's Shadow Chancellor; Mr Norman Tebbit, Minister of State for Industry; Mr Richard Wainwright, economic spokesman for the Liberal party; and Mrs Shirley Williams, for the Social Democratic Party.

This will be the first time that a CBI national conference has been addressed by leaders of parties other than the Conservatives.

Mr Brian Redhead, a presenter of the BBC Today programme, will preside over the question and answer panel. The conference will be held at Eastbourne's Congress Theatre on November 1-3.

The CBI's invitation to politicians from the four main parties underlines many members' disenchantment with the Government's policies, and their concern at the continuing recession.

Relations between the CBI and the Government have still not fully recovered from last year's promise of a "bare knuckle fight" by Sir Terence Beckett, its director-general, over the impact of some Government policies on industry.

In a letter to CBI members about this year's conference, Sir Raymond Pennock, president, has said the organisation needed to establish clearly its attitude to the current political scene. He has also urged company bosses to bring their managers and representatives to the conference.

Competitiveness will be the official theme. Discussions will focus on jobs, costs, investment, exports, profit, pay, employment law and public spending.

A SERVICE STATION in north London advertises the changeover to selling petrol in litres. Next to the sign is Mr Philip Stein, director of public relations for the Motor Agents' Association

Local role urged for large companies

By Lisa Wood

LARGE companies can be a vital factor in boosting local community enterprise, a booklet published yesterday says. They are urged to play a much greater role in such activities.

The publication, A Handbook for Action, comes from the recently established Business in the Community Council, which is supported by the Department of the Environment. It has the backing of several sponsors including the National Coal Board, Marks and Spencer, BP, Whitbread and IBM UK.

Sir Alastair Pilkington, chairman of the council, says in the booklet that the first duty of managers is to improve the efficiency of their own companies." But it is in our own interest and that of our firms to support projects that improve the well-being of the community."

Three types of community involvement are described:

- The encouragement of new small businesses by large companies through local enterprise agencies, the provision of suitable premises and the development of purchasing policies to help the small business sector.
- The need for greater understanding between industry and education.
- The benefits that can be achieved in community activities generally by secondment of business people to community projects.

Barclays Bank, one of the 10 sponsors of a Business in the Community unit, sent one of its employees on a two-year secondment to the Tower Hamlets Centre for Small Business in London.

"The nature of the challenges secondees meet, in an unstructured environment completely removed from the support services of a large company, encourages independence of thinking which too often is underdeveloped in the highly organised large firm," Barclays says.

Mr Anthony Pelling, deputy director of Business in the Community, and an under secretary at the Department of the Environment from which he has been seconded for 18 months, yesterday emphasised that the scheme, which was to be a catalyst and not a funding venture, was a private sector initiative.

Handbook for Action, £1, 91, Waterloo Road, London SE1.

Producers thrash out the coffee price issue

Prices on supermarket shelves are unlikely to drop no matter what agreement is reached at the coming conference. David Churchill.

WHATEVER HAPPENS to coffee prices as a result of the talks between representatives of producer and consumer countries due to start next Monday, one thing is almost certain.

The 70m cups of coffee drunk in Britain each day are unlikely to cost any less. Even when world coffee prices fall, and on the London futures market they are now below £900 a tonne compared with a 1981 peak of £1,170 in late July and more than £4,000 a tonne four years ago, the three major UK coffee producers — Nestlé (Nescafe), General Foods (Maxwell House) and Brooke Bond Liebig (Brazilian Blend)—are reluctant to consider cuts to the retail trade in line.

The UK coffee manufacturers advance several reasons why falls in world coffee prices are not necessarily reflected on supermarket shelves. These are apart from the fact that the companies are working four to six months ahead and any benefit from lower world prices would not be felt for that period.

The primary reason is that the quality robusta and arabica beans used in most major blended instant coffees (such as Nescafe which outsells its nearest rival Maxwell House by more than four to one) have not fallen in price by as much as the coffee market in general. It is also argued that to secure the top quality beans UK manufacturers have to pay a premium of up to £200 a tonne for the best beans.

The need to use the best quality beans is based on the marketing assumption that consumers are "trading-up" in terms of the coffee they drink. Nestle has carried out extentive market research to identify this trend. It points out that its fastest-growing instant coffees are the more expensive *freeze-dried varieties such as* Gold Blend which retail at about £1.15, compared with about 90p for the 100 gramme granulated coffee. Gold Blend's sales are up by almost 50 per cent in value this year.

Yet a survey carried out last year by the Consumer Association's "Which?" magazine found that most of the coffee drinkers surveyed equated quality coffee with strong coffee. Strong coffee, however, depends mainly on the length of time the beans have been roasted.

The apparent growth in popularity of quality coffee may have had more to do with the heavy promotional advertising in recent years. This has been devoted to developing an exclusive, quality image—with the aid of stars such as David Niven.

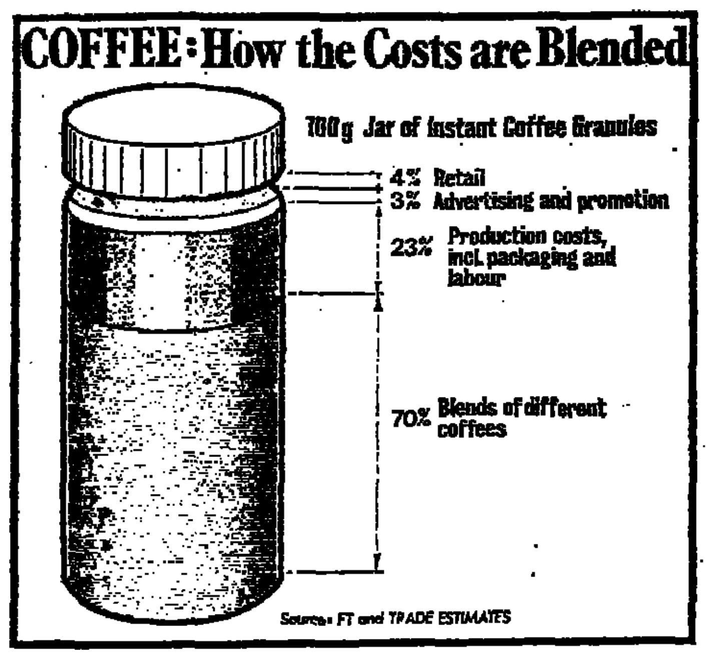
The "Which?" survey suggested consumers could not tell the difference between an expensively promoted quality granulated coffee selling at 90p, and the own-label powedered variety selling in a major supermarket chain for about 40p.

The coffee manufactures suggest a number of other reasons why a wholesale price fall — the first since last September— is not immediately likely. The recent decline in the value of sterling has increased import prices—although the high value of sterling for the past few years has been a major benefit not reflected in retail prices.

Similarly, the manufacturers blame rising costs of labour, packaging, and distribution. These, however, account for less than a quarter of total costs, while the beans are the main costs.

The manufacturers say retail prices did not rise as high as they could have in 1977 when the world price was £4,000 a tonne and the four ounce jar cost £1.70p.

But the real reason for the manufacturers' reluctance to cut prices is probably that consumers are drinking more coffee—sales volume is up by a tenth this year from last year's record levels.



Spending cuts may put 10,000 teachers out of work by 1984

BY GARETH GRIFFITHS

The Government's spending targets for local authorities could mean that 10,000 teachers will lose their jobs over the next two and a half years.

Local authorities have been told that the cuts would involve the loss of 50,000 teachers and 9,800 lecturers by 1984. Falling school numbers, redeployment and early retirement will reduce the redundancies to about 10,000. An estimated 10,000 non-teaching jobs will also have to be cut by March, 1983.

The projection is from a working party of civil servants and local authority officials who have been looking at the implications of the Government's planned public spending in advance of the rate support grant settlement in November.

Similar exercises are carried out for every area of local authority spending and the results given to the Consultative Council on Local Government Finance.

A different approach to *education funding has* emerged between the Association of County Councils, representing the mainly Conservative shire counties, and the Labour-controlled Association of Metropolitan Authorities.

The report of the working group on grant-related expenditure to the Consultative Council on Local Government Finance shows that the two organisations differ on a number of technical issues in the way the education grant is assessed.

Broadly the ACC is in favour of tighter needs defini*tions than the AMA. The ACC* wants educational grant-related spending to be based on the assumption, for example, of 15 per cent of children having additional needs compared to the 20 per cent assessment of the AMA.

The AMA wants higher weighting for ethnic children and a larger allowance for educating children with addi*tional needs.*

The current public expenditure white paper says the cut in local government spending will be 1.2 per cent *for 1982-83, but the local* authority associations say the cut is nearer 8 per cent, or £1.5bn.

The difference is accounted for by different inflation assumptions and a switch next year to a different way of assessing the grant by cash planning.

- The number of young people leaving school with no qualifications has dropped from 20 per cent in 1974 to 13 per cent in 1979, according to the Department of Education's statistics report pub*lished yesterday.*

Heinz to make 290 redundant

BY ELAINE WILLIAMS

H. J. HEINZ COMPANY, the *food group, is to make* 290 workers redundant by next spring as part of rationalisation.

The jobs will be lost at its Harlesden factory, North London, where 2,100 are employed. The company hopes that all the reductions will be voluntary.

Up to 60 jobs will be lost by the decision to stop making the tops and bottoms of cans for its tinned foods. Instead Heinz will buy these components because it is cheaper to do so.

Bean production is being transferred to its more modern plant at Wigan where 3,000 workers are employed.

By next spring the production of tomato ketchup will cease at Harlesden. The company is installing equipment at Wigan to produce ketchup more efficiently.

These changes follow a detailed study on ways of improving productivity in the face of fierce competition in the canned foods market.

The U.S.-based food processing group has prospered so far during the recession. In June it recorded profits of \$55m (nearly £30m) in the last financial year—40 per cent higher than the previous year.

The company believes that strong advertising campaigns have been responsible for its success. This year the group has set aside about \$28m for advertising.

- Ruston Bucyrus, the crane and excavator manufacturer, is to make 95 white-collar workers redundant. The Lincoln company, which employs 1,300 workers, made 35 shop-floor workers redundant earlier this year. It blames the latest cuts on "the continuing depressed state of business for both mining and construction machinery products."

UK NEWS

Lothian cuts spending by extra £6.6m

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

LOTHIAN region's Labour-controlled council, which is fighting a losing battle with the Government over spending, yesterday approved a further £6.6m cuts. It has now trimmed £24m from its budget.

The council also lifted a moratorium on spending to allow the rehiring of about 1,000 teachers, who lost their lobs because they were on fixed-term contracts.

The Scottish Office has insisted that the council cuts spending by £30m and Mr George Younger, Secretary of State for Scotland, has cut the Government's weekly rate suppor grant to Lothian by £1.4m to force savings.

The council, which has asked for a further meeting with Mr Younger, identified an additional £7m in unexpected *revenue and revised* deficit figures for the previous year's budget, which would pass the £30m target if added to the £24m savings.

But Mr Younger made it clear last night that the extra *amount would not be acceptable* because it was not a saving.

"There is no way that it can be acceptable to have anything less than £30m worth, at the least, of reductions to the budgeted amounts they were intending to spend." he said in a radio statement.

The council was getting "very generous treatment . . . it is already as much as £60m above guidelines so I am already being immensely kind."

After the Government started docking £47m off the council's £160.9m rate support grant, which works out at £1.4m a week, the council approved £17.3m in cuts, chiefly through revised allocations to the police and fire departments and to payments for the Scottish Bus G-oup.

The *additional £6.6m* cuts drawn up by council officials will not entail any forced re*dundancies* among the 33,000 workforce. The cuts will mean curbs on social work, highway maintenance and overtime as well as a selective recruitment freeze.

The £7m to enhance the £24m savings *included £4m owed by* Livingston New Town Develop*ment Corporation* for building roads and public services and £3m after last year's projected budget deficit was discovered to be smaller than expectd.

The Labour motion put by convener Mr John Crichton lifted the moratorium which went into effect on August 17. The moratorium axed nearly 1,000 teaching jobs, because the fixed-term contracts were considered new spending. The main teachers' union has threatened to go on strike if the moratorium was not lifted.

Mr Crichton told the meeting: "We are at this very sorry *pass* —a very distasteful, unpalatable *and shameful* exercise of seeking reductions in our budget and expenditure."

The cuts would make it very *difficult* for some staff to carry out their jobs but they would not affect the services and the delivery of services.

London borough to fight Government funding policy

BY GARETH GRIFFITHS

THE LONDON Borough of Brent is to launch a campaign *against the Government's funding* policy for local authorities.

It is blaming on the Government a proposed supplementary rate of 25p in the pound which *it is levying in the autumn.*

Brent has been one of the hardest hit of the local authorities by the Government's grant arrangements. It faces *severe penalties* for overspending.

In the recent budget revisions, under pressure to meet the Environment Department's demands for further cuts of 5.6 per cent on actual spending in 1978/1979, Brent sent in the same budget it had prepared at the beginning of the financial year —with no cuts.

It says the £7m cuts required would mean a loss of 2,000 jobs, a sixth of the council workforce.

The campaign will cost about £1,000. The council says it will be similar to campaigns due to be launched this autumn by the London Boroughs Association and the Association of Metropolitan Authorities.

Brent will distribute posters *throughout the borough* which covers the North West London areas of Kilburn, Wembley and Willesden.

Mr Tom Bryson, leader of the Labour-controlled authority, *said Brent would be faced with* a penalty payment of £6.5m in grants withheld for overshooting the Government's targets.

Central government fundings had fallen *for the authority* from meeting 50 per cent of the total revenue in 1979 to 33 per cent this year.

Some 12p of the supplementary rate is *required to* meet the precept imposed by the Greater London Council in order to pay for its transport policy. Nearly all the rest of the supplement is *needed to* make up for penalty payments and the loss of central government grant.

The Association of Metro*politan* Authorities has asked its members for £10,000 each to pay for a publicity campaign outlining its case on public spending this autumn.

The campaign will *include* the use of posters and is part *of the* intensifying battle between local and central government

Maurice Samuelson writes: The Greater London Council's decision to cut *London Transport* fares by 25 per cent by *means of a big supplementary* rate rise has been sharply criticised by the London Chamber of Commerce and Industry, *which says* it will further damage London's competitiveness and employment prospects.

In a letter to Dr Tony Hart, chairman of the GLC finance and general purposes committee, *the chamber says it is* "unrealistic" to reduce the cost of travelling to work for Londoners who, as a result, would have no job to go to. Instead, priority should be *given to making the* transport system more efficient

The chamber, which is seeking an early meeting with the GLC, added that in the last two financial years, 10 London *boroughs* had raised their non-domestic rate by more than 80 per cent.

Singer & Friedlander buys U.S. broking firm

By Christine Moir

SINGER and Friedlander, the merchant bank, has paid $480,000 (£262,000) for Balfour Securities Corporation, a New York stockbroking firm previously owned by Akroyd and Smithers, one of the largest London jobbers.

The bank has injected $1m into Balfour, which has taken on the institutional trading and sales team from Bruns Nordeman Rea, another U.S. *securities house taken over* recently by Bache.

Mr Tony Solomons, chairman of Singer and Friedlander, said yesterday that his company had been *looking* for expansion. "We liked the American market, and we knew Balfour because we had done a fair measure of business through *them in* the U.S."

The capital injection was to provide capital to build up the institutional business. "If you are to do this sort of business, you need to be able *to do* block trading and to take positions. This uses capital," he said.

Singer and Friedlander becomes *the* first merchant bank to own a U.S. broking house directly, although S. G. Warburg has a link with Becker through its Warburg Paribas associate.

The sale leaves Akroyd and Smithers with one remaining *securities subsidiary in* the U.S. This is Cohn, Delaire and Kaufman, owned 45 per cent by the managers and 55 per cent by Akroyd.

Yesterday Mr Stephen Raven, the Akroyd director responsible for the international side, said that Cohn, Delaire and Kaufman fitted much better *with* a jobbing firm than Balfour, which carried out mostly agency business.

The recent Stock Exchange rules for international dealing restricted overseas subsidi*aries of UK firms to business* in their own locality. This curbed Balfour's international expansion while it was part of Akroyd, and disrupted plans made when Akroyd bought Balfour in 1979.

Benn's backers publish plan for 'socialisation'

BY MARGARET VAN HATTEM

MR TONY BENN'S campaign for the Labour deputy leadership moved back on offensive yesterday with the publication of a plan for a Britain in *which* "no-one would need to own more than what is in his home and bank account."

The book, called Manifesto, is a collective effort by many of *his* supporters, headed by a team of six including Mrs Frances Morrell, his former political adviser, Mr Francis Cripps and Mr Jimmy Reid. The publication coincides with Mr Benn's re-emergence into active *campaigning,* following a three-month convalescence.

The book does not attempt to specify how the reforms it advocates would be implemented but *concentrates on spelling out in* broad and easily digestible arguments the platform on which the Left in general and Mr Benn in particular is cam*paigning.*

It calls for a progressive narrowing of the range of pretax incomes, together with the establishment of a minimum wage "equal to two-thirds of average male earnigs," and a maximum wage "equal to four times the average wage."

Tax exemptions and allow*ances should be abolished,* it says, and taxation of incomes above the average must be increased.

It calls for the "socialisation" of personal wealth. Most personal wealth in the country, it says, is *concentrated in the* hands of a tiny minority.

It calls for nationalisation of insurance and pension funds and transfer of all assets into the hands of the Government. "The socialisation of particular *forms of wealth could involve* forms of compensation, depending on the circumstances of the owner and the nature of the wealth," it says.

The book advocates a full employment policy with Government *guarantees of work to all* who want it, based on expansion of employment in the public services — especially home nursing and day care centres.

NCCL criticises Riot Act

By Lisa Wood

The National Council for Civil Liberties has urged the Government not to respond to the recent disturbances in Britain's inner cities by introducing repressive measures such as a new Riot Act and an extension of "stop and search" powers.

The council was *giving* written evidence to the second part of Lord Scarman's inquiry into the disturbances which start public sessions in London today.

It said the Government had a choice of either introducing more authoritarian mea*sures of tackling the politi*cal, economic and social divisions from which the violence had sprung. In particular it could deal with policing methods and attitudes which had made the police the main target of that violence.

The council said: "Repressive measures may buy quiet on the streets for a few weeks or a few days or a few hours. But the price for this brief lull is a recurrence of the *violence—in all probability,* greater violence than before."

The council also recommended that the police avoid using protective clothing which would make face to face contact difficult and that CS *gas, water cannon* and dogs should not be used in controlling street disorders.

● At the inquiry into the disturbances in Manchester's Moss Side, a solicitor yesterday criticised the official police complaints procedure.

Mr Philip Jones told the investigating panel, chaired by Mr Benet Hytner QC, that no complaint he had ever been involved with *had* been upheld.

Scottish bank challenges house mortgage market

BY ERIC SHORT

ANOTHER major clearing bank has linked up with a life company to attack the house *mortgage* market.

The Royal Bank of Scotland is combining with Scottish Equitable Life Assurance Society to market a first mortgage scheme, providing highly competitive terms.

Clearing banks are anxious to move into the house mortgage market. Some of them have combined with life companies as a means of penetrat*ing the market.*

Under such an arrangement the bank provides the finance and decides on granting the mortgage, while the life company provides the life contract which has to be used to repay the mortgage.

This scheme has a minimum loan of *£15,000* and *high levels* of loan as a percentage of purchase price. *Up to £40,000* the scheme has a maximum percentage of 95 per cent of valuation; decreasing to 80 per cent for loans between £120,000 and *£160,000. But the scheme will* consider advances on house values in excess of £160,000.

The interest rate is currently 14 per cent, 2 per cent above Royal's base rate.

The size of the loan takes in not just the borrower's basic salary — on which it offers a multiple of 2.5 — but also the equivalent of a year's non-earned income *plus the annual* salary from the wife or secondary wage earner.

Spotlight thrown on cash limit controls

BY OUR ECONOMICS CORRESPONDENT

THE OPERATIONS of the cash limit system of control over public spending are examined in a new Civil Service College handbook.

The book examines the basis of cash limits, how they operate, their impact on the level of *spending* and on the decisions of programme managers, and related policy questions.

The impact of external financing limits on the borrowing of *the nationalised industries and* public corporations is also highlighted.

The author, Mr Andrew Likierman, a lecturer at the London Business School and a former member of the Think Tank, examines, for example, whether such limits are a means of implementing pay policy.

He concludes that, while guidance on pay increases is possible within the external financing limits system, it cannot be said that they are a *mechanism for imposing* a pay policy.

State backs scheme to provide cheap housing

BY MICHAEL CASSELL

A *GOVERNMENT - BACKED* campaign to encourage local authorities and private house builders to co-operate over provision of low cost housing was launched yesterday in London.

The campaign, organised jointly by Mr John Stanley, Minister for Housing and Construction and the House Builders' Federation, is intended to show local authorities *how low cost homes can provide* an alternative to renting for many families and single people.

Several private house builders have already completed low cost *schemes in* partnership with local authorities. House types range from one person units to three-bedroom homes and prices, which vary between *regions,* range from about £12,000 to £25,000.

Under partnership schemes, the local authority can license a builder to finance, construct and market a development on land which it owns and can later *sell the freehold* direct to the final house purchaser. In this way, the authority retains considerable control over sale of the properties and can offer discounts to buyers.

Alternatively, a builder can *develop on local authority land* and make available a number of the homes built to families nominated by the council. Other options include the building of shared-ownership homes, in which the purchaser owns a proportion of the house and pays rent to the authority or the outright sale of land by councils at prices below market value.

£20m radar contract for Racal-Decca

RACAL-DECCA Defence Systems, part of the Racal group, has won orders worth £20m to supply radar and guidance equipment for the Rapier missile system.

The orders come from the British Aerospace Dynamics Group which builds the Rapier low-level air defence missile.

The latest orders for the advanced surveillance radar and guidance system bring the total value of orders to £45m. Other orders have come from the Swiss armed *forces and the U.S. Air Force.*

P & O deal with Exxon may be worth £95m

P & O expects to earn more than $175m (£95m) from a contract won by its deep sea cargo division to carry liquefied *petroleum* gas for Exxon, the world's biggest oil company.

The agreement, one of the biggest in the international LPG shipping market, is believed to be for five years and its value to P & O depends on the quantities which will be transported from *the* Gulf to North Europe, U.S. and Japan.

Air traffic levels hit by dispute

AIR TRAFFIC at Britain's main airports showed only minor growth during July, *normally one of the* best months of the year, largely as a result *of the air* traffic controllers' dispute.

Total passenger movements at the seven airports owned by the British Airports Authority (*Heathrow, Gatwick,* Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen), rose only 0.4 per cent to 4.59m.

Third largest manufacturer

MACMILLAN *Bloedel* Containers is the third largest manufacturer of corrugated casing material in the UK, and not fourth, as reported *in the Financial Times* packaging survey of July 24. The Canadian-controlled group claims about 10 per cent of the market, making it the third largest manufactuer after Reed and Bowater. Its 1980 *output* was 227m square metres.

Jersey to decide on French electricity connection

Maurice Samuelson looks at an island's dilemma

A PROTRACTED debate on *whether Jersey should be* connected to the French electricity grid will come to a head in a few weeks with the completion of a report commissioned by the States (*Parliament*) *of* Jersey on a rival plan for the island to build its own coal-fired power station.

Both options are intended to end Jersey's *almost total* reliance on oil, currently used by the island's 20-year-old power station on the coast near St Helier, the main town.

Although Jersey is only 12 miles long by 5 miles wide, the energy debate echoes many of the arguments heard in larger countries over the respective advantages *of* coal or nuclear power. It also has a powerful political dimension thanks to Jersey residents' ancient jealousy over their island's *separate status.*

The cable would be laid on the sea bottom from La Coupe, on Jersey's north-east corner, to Surville, a small fishing village on the French coast, 15 miles away. As this is a relatively short *distance,* there would not be much loss of current from the cable, and the electricity would be transmitted in Alternating Current. A transformer at the Jersey end would change it from 90 kilovolts to the 33KV used on the island's power lines.

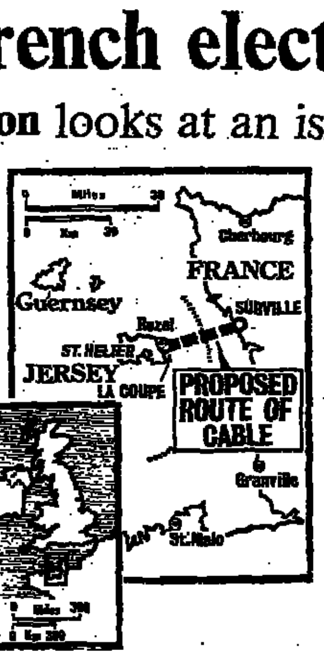
This is less complicated than the longer, 2,000MW link planned across the Channel *between England and France.* In this link, the electricity would be turned into Direct Current, to minimise loss of current, when it passes under the Channel and huge converters at each end would change it back into AC. Another *difference is that while the* cross-Channel cables will be buried in a trench, the Jersey-Normandy link would lie on the sea bed.

Mr Richard Wade, managing director of the Government-*controlled Jersey* Electricity Company, makes no secret of his preference for the cable. He quotes a long-term energy report by his company as show*ing there was no* comparison in the cost of the link compared with that of a new power station.

He is also sceptical about the cost of the coal itself. When Sir Derek Ezra, the National Coal *Board chairman, attended the* miners' conference in Jersey recently, Mr Wade rubbed this point in by saying that South African and American coal would be cheaper than that from Britain. Then there is the environmental problem of disposing of 10,000 tonnes of ash, caused by burning 100,000 tonnes of coal a year.

Nevertheless, Mr Wade recognises *the* force of the doubts about the French connection: "Jersey is a very independent island and is reluctant to be dependent on a third power, like France."

Some of the opponents of the *French connection are* motivated by their dislike of France's ambitious nuclear power programme. They are worried by the fact that several



of the French power stations are being erected on the Channel and Atlantic coasts and by the proximity of France's nuclear waste processing plant at Cap de la Hague.

Other Jersey residents have accused Jersey Electricity of *inconsistency,* recalling *its* earlier opposition to a submarine cable, and claiming that its negotiations with Electricité de France about the cost of French electricity were inadequate and superficial.

One eminent member of the States, Sir Martin Le Quesne, a *retired senior* British diplomat, went so far as warning that in supping with the French, as with the devil, it was advisable to employ a long spoon.

He now says that the remark was "half jocular" and that if the cable turns out cheaper than *coal he would* vote for it. "*In* this case, we and France have a clear coincidence of interests," he says.

A firmer opponent of the cable, Senator John de Carter, also disclaims prejudice either *against France or nuclear power* or bias in favour of coal. But he accuses Jersey Electricity of being "blinkered" in its zeal for the cable and, unlike Sir *Martin, thinks most* islanders prefer the independence which the coal option would confer.

Organised opposition to the French connection has come from the Jersey environmental group, Concern. Mr David Thorn, *chairman of* its energy sub committee, points out that since the cable would only provide off-peak electricity in the summer, the island would still have to generate up to two thirds of its supply at the *oilfired power station. Since* the oil fired power station would not be closed, Jersey Electricity would continue to pay the £1m a year wage bill of its 100 staff there.

Mr Thorn also questions *Jersey Electricity's claim* that the link would cost only £10½m, at 1985 prices compared with the £25m quoted for a coal fired power station, and all the *ancillary* unloading, handling and stoking facilities.

Apart from claiming that *the* cable link would cost nearer £15m, Mr Thorn says that Jersey Electricity is not comparing like with like, since the cable would supply only 30MW *while the* coal fired power station would consist of two 30MW units. (At present, Jersey Electricity has an installed capacity of 110MW, including diesel plant.).

He also questions the security of the cable, *noting that* it would lie on part of the sea bed where French trawlers try to pick up shell fish. But he admits that this has not caused major *problems for the main* telephone lines, which also lie on the sea-bed.

Meanwhile, all eyes are turned to Merz and McLellan, the con*sulting* engineers preparing what they call a "small report" on Jersey's power *problems.* The report is due to be delivered to the States of Jersey by the end of October. If it expresses a clear preference for the link with France, *opposition is likely* to crumble. If not, the Jersey Electricity Company may have to think again.

'Left-wing commissars' attacked by Chapple

By Our Labour Staff

IDEAS PROPOUNDED by the Left in the Labour Party would at best lead to a permanent Conservative majority in the country and, at worst, result in an East European form of political party and state, Mr Frank Chapple, general secretary of the Electrical and Plumbling Trades Union, said yesterday.

Writing in his union's journal, Mr Chapple said Mr Tony Benn's long-term views on politics and parliamentary democracy exerted considerable influence on the Left in the Labour Party.

The aim of the Left was to concentrate power in the hands of a few "political conspirators." The party, MPs and councillors "are all to be puppets of cliques on management committees and will be abused, intimidated and replaced if they step out of line and cross Benn's commissars."

Mr Chapple said that on the management committees a numbers game was being played ruthlessly by well-organised extremists. The Labour candidate the electorate was expected to support "will often have been imposed or intimidated by this handful of extremists who have recently infiltrated the party."

They had succeeded in doing this partly because the party's out-of-date structure was fertile ground for "conspiracies" and because Leftist extremists were "unable to succeed under their own colours." They needed to disguise their position when facing the electorate.

Left alliance calls for greater shopfloor role in policy making

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC and Labour Party's joint policy-making process came under attack yesterday from an alliance of shop stewards' combine committees and trades councils.

The group has focused on a particular strand of criticism which other leftists in the unions have been making in a more general way.

It links with moves by the Left in the Labour Party to strengthen commitment to an alternative economic strategy by party and union leaderships, and is hostile to the more gradual measures of the TUC-Labour Party liaison committee.

The group—which includes representation from Lucas, Dunlop and Metal Box as well as Coventry, Newcastle and Liverpool Trades Councils—intends to publicise its views at the TUC next week and the Labour Party next month. It is allied to the emerging left strategy, which is to develop "broad Lefts" within unions and run candidates for office.

The group believes workers' plans of the kind developed in several companies by combine committees (committees covering the entire company organised across union lines) should play a leading part in TUC-Labour Party policy-making.

Mr Colin Lindsay, secretary of Coventry Trades Council, said yesterday the group was "arguing for local level initiatives in planning. If you don't get these initiatives, then you won't get support for planning by a future Labour Government and it will collapse as it did last time."

The group was critical of proposals emerging from the TUC-Labour Party discussions to duplicate the tripartite, National Economic Development Council committee system at plant level.

Mr Richard Lee of the Metal Box combine said he was not opposed to talks between party and union leadership. But there was a wealth of experience at shopfloor level which had not been recognised.

The TUC - Labour Party liaison committee, which has already issued an interim document, "Economic issues facing the next Labour Government," is considering planning and increased industrial democracy through a sub-committee which will report next year.

Liverpool dockers to study offer

BY OUR LABOUR STAFF

SHOP STEWARDS representing the 3,500 registered dockers at Liverpool will today decide whether to recommend the employers' final pay offer to a mass meeting to be held tomorrow.

The Liverpool Port Employers Association has offered a package which would give dockers an extra £11 a week for normal working, bringing their weekly wage up to £89.50.

There would be increased payments for the mid-evening shift, for night work, higher bonus payments and a £200 lump sum representing back-dated pay.

But the employers have insisted on important changes to working practices. A system whereby dockers rotate so that everyone could benefit from the higher pay available at the Royal Seaforth container terminal would cease, and there would be substantial reductions in manning levels.

Workers gave a mixed response to these proposed changes when Transport and General Workers Union shop stewards explained them at various meetings yesterday. They are nervous about the possibility of further job losses following nearly 1,300 voluntary redundancies earlier this year.

The employers argue that Mersey docks—which have lost £9m worth of annual income in the past few months, £4m of it through the decision of Manchester Liners to transfer its base from Seaforth to Felixstowe—need the changes to attract extra business.

The docks have also been hit by Tate and Lyle's decision to close its Liverpool factory and Burmah Oil's plan to close its Stanlow refinery.

The Mersey Docks and Harbour Company's half-yearly results, out later this month, will reflect these difficulties.

If tomorrow's mass meeting accepts the employers' proposals, it will end four months of protracted negotiations involving six one-day stoppages.

Ford unions to consider next pay demand

By Our Labour Staff

UNION DELEGATES from Ford plants will meet on Friday to fix this year's pay and conditions claim.

Shop stewards have discussed the possibility of claiming a substantial, but unspecified, rise in basic rates. But it seems likely that the claim will involve a specific figure. A target of 15 per cent has been discussed unofficially.

The claim, due for settlement next month, will also involve improvements in working hours, pensions and early retirement.

The unions appear to want to separate the money claim from the company's "After Japan" proposals on improving efficiency and productivity, with manning reductions.

The question of early retirement, though, and the unions' long-standing claim for altering the grades, will almost certainly be linked by the company to the productivity changes it is seeking.

Vauxhall management is due to meet union officials next week following the submission of a claim for "substantial" rises.

The claim, due for settlement this month, is made up of a six point package which also calls for a reduction in weekly hours to 39 from November, and eventually to 35.

Vauxhall reported a loss of £59.88m in the first half of this year, up sharply from the same period last year. BL, with an overall loss of £225.8m in the first six months of this year, is facing in its cars division an across the board claim for an extra £20 a week.

Leisure-based way of life urged to cope with unemployment

BY BRIAN GROOM

BRITAIN will be faced with "bigger and better" riots unless steps are taken towards a leisuree-based national lifestyle to cope with the reduced employment which will result from new technologies, Mr Barry Sherman, research directo of the Association of Scientific, Technical and Managerial Staffs, said yesterday.

With Mr Clive Jenkins, general secretary of the association, he launched their book, The Leisure Shock, at Press conference. Nonetheless, they were optimistic about the future.

They held out the prospect of a future of high productivity, growth, earnings and profits, in which individuals could enjoy a rewarding life based on "participatory leisure activities."

People would, however, face the "social shock" of having to abandon the traditional work ethnic ingrained by education, family patterns and religion.

Adaptation to this would take time. But an "artificial fire-storm" of unemployment whipped up by the present Government was already precipitating "a fundamental crisis of readjustment," they argued.

The Labour Party would have to make a manifesto commitment to seek the substitution of the "life ethic" for the "work ethic." Not only would it have to reopen the debate on the subject begun towards the end of the last Labour Government, it would also need to put forward specific legislative proposals.

Legislation by a future Labour Government to curb working time and make sabbaticals compulsory might be needed to achieve "a revolution in attitudes."

Mr Jenkins said he believed some of the Labour movement's leaders were already convinced of the need for "a legislative incursion into planning a new lifestyle."

Changes in the educational system were a vital factor. "We shall have to retrain the teachers, and in some universities retrain the professors," Mr Jenkins said.

In the short-term, there would have to be sepnding on large construction projects to get the country out of a Government-induced slump, Mr Jenkins said. But in the long-term, there would "a huge expansion of the public sector" to provide leisure, services, education, health and other caring services.

The book argues that the Department of the Environment should encourage "participatory leisure activities" from sport to drama instead of the present "pre-packaged leisure activities reflected in television programmes, holidays and musical recordings. People should form community-based co-operatives and play an active part in local radio and TV stations.

There would be no problem in financing this leisure-based society, Mr Sherman said. "There will be massive amounts of money around—dead money sloshing about the City."

The British Association meeting at York

Society has 'failed to apply engineering precept to politics'

BY DAVID FISHLOCK AND RAYMOND SNODDY

STRIKES were the social equivalent of the kind of catastrophic failure that engineers deliberately set out to avoid, Dr Stephen Bragg, vice-chancellor of Brunel University and a former chief scientist of Rolls-Royce, told the British Association meeting at York yesterday.

Dr Bragg, in his presidential address to the engineering section on the quantity of engineering, said society had failed to apply an obvious engineering precept to the social or political scene.

Engineers accepted that, although it was more expensive to provide two separate ways of carrying a load when most of the time only one of them was fully stressed, considerations of safety and reliability demanded the redundancy of having alternative pathways.

"In our society at large, however, we are not prepared to accept this cost and have allowed the alternative pathways to disappear," said Dr Bragg.

The result was that if a few key people withdrew their labour, the whole system ground to a halt.

The engineer must never forget that, to the user, it was the worst performance that counted, "not the ideal or even the average." The individual passenger was interested in the likely latest time of arrival.

Allied to reliability was the question of maintenance. Some fields of engineering, such as aero-engines, now sold their products with a guarantee of the maximum cost of new parts required during normal service.

"An obsession with the reduction of first cost of capital items inevitably leads to the neglect of many aspects of real quality," he said.

Dr Bragg speculated about the effect of applying a reliability-plus-maintenance formula to roadworks, in which the specification might also stipulate minimum speed of traffic flow at rush hour and maximum accident rates.

He was sceptical whether government sought to encourage quality by its own leadership or practice. "To be consistent with my argument the Government and opposition would have to agree that moving up-market is a long-term objective."

It required fiscal policies encouraging companies to invest in research and development, purchasing and educational policies which encouraged the products of brainpower. "All such policies must be stable and not oscillate with the political cycle."

Customer confidence

Mr. W. P. Cole, director of quality engineering for GEC-Marconi Electronics, spoke on how to give the customer confidence that what "we've supplied to him really will do all the things we've promised."

"Quality assurance" conjured an image of white-coated individuals who checked goods at the end of a production line. But inspectors were only one part of "what is now a complex business of providing quality assurance," he said.

It might be obtained by a simple test or inspection of the final product. More probably it would consist of a large number of inspections or tests throughout the period of the contract.

The electronics industry, particularly capital electronics, had been at the forefront of quality management methods during the last two decades. This was because the new technologies, such as semiconductors, relied on the designer specifying every step in the manufacturing process, and not on the traditional skills of craftsmen.

Fuel mixture

British Petroleum was building a 100,000 tonnes-per-year pre-production test facility to demonstrate its process for making a stable mixture of coal and fuel oil, Professor John Cadogen, FRS, BP's chief scientist, disclosed in his presidential address to the chemistry section.

Professor Cadogen said the BP Research Centre at Sunbury-on-Thames had developed a patented method of preparing uniquely stable dispersions of coal dust—up to 50 per cent by weight—in heavy fuel oil, as a novel fuel for steam-raising plant, potentially cheaper than fuel oil.

The coal-oil dispersion had been designed to be made at a centralised site and distributed through existing oil systems with minimum modification. The coal did not separate during storage or in the conditions encountered in industrial use—in the pump lines or metering devices.

Future supplies

The one real hope of maintaining petroleum supplies throughout the next century probably depends on the extent to which new technology can increase the recoverable fraction of tar sands, heavy oils and oil shales, said Mr Edward Robertson, former manager of the oil products division at the BP Research Centre. But this would call for a massive injection of technology and later, an unprecedented injection of capital.

"Due to the current surplus of oil the great danger is complacency, particularly in Britain with our present, but short-lived sufficiency of North Sea oil," Mr Robertson warned. Lead times were long and the technical problems enormous, but if energy prices were to be kept within reasonable bounds "adequate action now must be the keynote."

Production of shale oil was beginning to approach economic viability in the U.S., although the amount of oil in the rock varied greatly and spent shale created a disposal problem. According to some estimates an investment of \$2bn-\$3bn could produce 1m tonnes a year of synthetic crude at a cost of around \$40 a barrel.

Home-grown energy

British farmers and growers, busy for decades substituting oil for man and animal power and oil for land, by using fertilisers, sprays and heated buildings should now look for practical sources of homegrown energy, Mr J. C. Hawkins, formerly of the National Institute of Agricultural Engineering, told the agricultural section.

In 1980 British agriculture and horticulture used nearly 7.75m tonnes of oil — about 4 per cent of total UK consumption. Yet straw burned in fields could, according to some estimates, provide all the heat required in agriculture and horticulture. New ways could be devised to use animal manures more efficiently as organic fertilisers.

If adequate amounts of liquid fuels were available, present trends towards an empty countyside with bigger tractors, wider machines, bigger fields, fewer hedges and fewer animals indoors would continue.

If the bill for liquid fuel continued to rise, Mr Hawkins believed, it might soon pay farmers to grow their own fuel for heating and drying.

If, however, liquid fuels were to become scarce and expensive, steam tractors burning coal might return and automatic field machinery powered by mains electricity developed.

Root problem

A scientific problem which had exercised Charles Darwin and many other scientists—how roots distinguish "up" from "down"—was slowly being clarified. Although it was realised as long ago as 1806 that gravity was involved, the precise guidance system had only recently been unravelled, said Dr Michael Jackson of the Agricultural Research Council's Letcombe Laboratory. The "helmsman" in the system was the tiny root tip or cap.

In the tip dense starch grains sedimented under gravity and their position informed the root of its angle relative to the direction of gravity.

The shift of starch grains diverted a flow of growth inhibitors from the cap. Less inhibitor flowed to the upper side of the root's growing zone than to the lower side, resulting in faster growth in the upper side. The root bent until it was growing in the correct direction.

Women at work

Modern analysis of 19th century census returns showed that thhe "rise" of women's propensity to work was a 20th century myth, said Dr Catherine Hakim, a principal research officer with the Department of Employment. During this century the work rate for women had risen dramatically, from 10 per cent of all married women in 1910 to 49 per cent in 1971.

But when 19th century records were compared with contempory ones a different picture emerged. The work rate for women — excluding unpaid domestic work—was as high in 1861 as in 1971 (43 per cent) and the work rate for married women was as high in 1851 as in 1951.

Census returns exploded another myth about women in work — that the distinctions between men and women's work had been eroded as women took up jobs in what were previously male strongholds. A study of the past 70 years showed that women had largely remained confined to typically female jobs.

LOMBARD

Waiting for the call

BY MALCOLM RUTHERFORD

The telephone rings.

"Hello, Jim. This is Humphrey. What do you mean, Humphrey who? Humphrey, Humphrey Atkins, Secretary of State for Northern Ireland."

"Oh yes, Humphrey. Hm. Funny thing, Humphrey. You know, I was thinking about ringing you. Nobody seems to know where you are."

"I've been on holiday. Nothing ever happens in Ireland in August. Everybody knows that. Anyway, what I want to know is, have you heard anything from her—no, not from your wife, from *her*, from *HER*—I mean from Margaret?"

"You mean, you have?"

"No, of course not. Not for about a year. But I thought you might have done."

"No, actually I haven't. Or at least, not about that."

"About what?"

"About what you're talking about."

"What am I talking about, Jim?"

"*I mean about all those* rumours. You know, I thought they were coming from you."

"I thought they were coming from you."

"Course not. *Anyway, I've* denied it. Went on television and said I wanted to stay at Employment. That should put her in a spot."

Short pause, then both voices speak at once. "Well, I suppose they could be coming from her. I mean, we know she sacked Norman for leaking—among other things, of course—but she's not above it herself."

"*What I want to know is* whether I'm still Secretary of State for Northern Ireland."

"So do I."

"How can we find out?"

"Well, we could try ringing her up."

"*You mean, you could?*"

"No, no, I couldn't possibly do that. It would have to be you. I mean, you are still Secretary of State, aren't you?"

"I don't know."

"Neither do I."

Another pause, then again both voices speak together. "I suppose we could ring up someone in the lobby—on lobby terms, of course—and ask what's really going on. You seem to know an awful lot of *people on the Guardian.*"

"Or we could pretend to be the Press ourselves and ring up No. 10. What's the name of her Press Secretary? Fellow called Bingham, or something?"

"Yes, we could."

"But we couldn't, really."

"No, no, I suppose not."

Sound of heavy breathing. "What's all this stuff about Tebbit, taking over left, right and centre? Used to be our people's Dennis Skinner. Must be nonsense."

"We couldn't possibly have anyone *in the Cabinet called* Norman."

"Except for Norman."

"Except for Norman, of course. Besides, he's called St John."

"And anyway, he's gone."

"*So he has.*"

"You know, Jim, it is just possible — it's not very likely, but it is just possible — that it's not a conspiracy at all and that she *just hasn't made up her* mind. I mean, it seems a funny way to run a country, let alone Northern Ireland. She can't actually enjoy having us all hanging around *like this.* At least, I suppose she can't. Or maybe she never reads the newspapers. Perhaps we should hang on a little longer, doing nothing?"

"I want you to know that I'm with her 99 per cent of the way. It's just that, it's just that — well, since you ask — I can't *talk to her*, and I never know whether I prefer her being *strident or being silent.*"

Another telephone rings. "Hello, Ian. Yes, it's Jim. No, no, I haven't heard from her either, not about that, and I've just got Humphrey on the other line—Atkins, of course. No, he's *heard nothing. But have you* heard about Norman—no, not Tebbit — and the party conference. He's going to make a speech about the morality of nuclear weapons and the way the Cabinet wasn't consulted *on Trident*, and heaven knows what Peter's going to say — Walker, Thorneycroft, Carrington, they're all the same nowadays, especially to her—and I suppose you'll be going on about Disraeli, and I haven't quite decided what I'm going to do. I mean, who does she think she is, Prime Minister?"

"Where is it this year, the party conference?"

"Blackpool."

"Oh God!"

Telephone calls being expensive nowadays, a fact which they blamed on Sir Keith Joseph, they agreed to keep in touch—if not to stick together.

Bindweed, trees and fox-like smells

GARDENS TODAY

BY ROBIN LANE FOX

BANK HOLIDAY weekend has given gardeners all they could have wanted. Heavy dews have kept the ground fresh, strong sunshine stopped the lawn growing out of control and a clear sky made weeding once again a pleasure.

Bindweed has grown astonishingly this year, so my major task was its slow removal. Happily it hates the solution of 2,4,D weedkiller, which is used as a selective poison on lawns. It objects even more strongly to the powerful SBK Brushwood killer if you had *that useful compound* at hand. Dip its leaves or the ends of its growing tip into a properly-diluted mixture of one or other, prepared in a wide can or jam-jar.

Momentum

Within three weeks, you will have the pleasure of seeing this awful weed turning yellow and dying back, even in its roots. In early September, the bindweed is losing momentum, but you can still use poison on it if the weather stays dry.

Where it has smothered a shrub, try to slip a copy of last week's Financial Times under the shoots you mean to kill, so that none of the SBK goes anywhere near the plant underneath. If in doubt, you must trace the growth back and try to dig out the roots one by one.

While buried in this rewarding task, I found myself answering a recent *criticism* and trying to satisfy a recent request. I take the request first. A reader wrote to ask for some thoughts *on unusual* trees for his fair sized lawn. He disliked flowers, because they were a bother, he liked perfect grass mown in stripes, and complained, therefore, that he had never found any help from me as I seemed to assume that lawns were an adventure playground for wild grasses and any weeds with the strength to exist in them. Could I, then, suggest an idea for his half acre of prize green, preferably a tall idea, time not *being of the essence?*

My thoughts turned inevitably to the *lesser known* varieties of beech. Many of the best turn up in nature in French forests, but of them all the fern-leaved beech remains my favourite specimen tree for a setting of well kept grass.

I will only remind you that its young leaves are an exquisite lime-green and its autumn colour a gentle russet-brown. Sold correctly as Fagus asplenifolia, it fans out to a height of about 25 feet without making *too long* a trunk below the branches. When you are dead, it will eventually tower over your grandchildren. In Britain, trees are now known up to an age of 150 years which have topped 90 feet. But first, be sure to buy the correct form from a reliable nursery.

Further down the vista, I would opt for a group of the so-called Dawyck beech. Like so many of the best garden beeches, this upright form was noticed quite by chance in a private garden. Some 70 years ago stock began to be distributed from the single tree in the garden lawn of Dawyck, Peebleshire. The original tree, I believe, is still thriving, but its history must go back much further, to the alert eye of some unnamed mid-Victorian forester. For when the Dawyck beech began to be propagated, it *already* stood as a notable tree in a prime position in this grand garden.

Now it is a forgotten beauty in these days of upright cherries and instant poplars. It grows upwards into a fastigiate column, *branching from* low down its trunk. The leaves are *a better green and a stronger* shape than the leathery ones on a Lombardy poplar. The Dawyck beech is tough enough to survive Scottish winters, so it will not split in a snowdrift or let you down. After 12 years, at most, you already have a small tree and an emphatic shape which *you can contrast* with more rounded forms.

In an Oxford planting of genius, groups of this beech, planted in threes, stand in the middle distance of a long lawn with dark and rounded clumps of the Holm Oak to close the view. They make a brilliant pair. Once established, the evergreen Holm Oak is not half so slow as our prejudice imagines. Listed as Quercus ilex, it is the dark olive green tree of great Mediterranean hedges *and* gardens.

In Britain, it is almost always hardy if away from the wind or the worst of frost pockets. Its only gloomy season comes in May, when it sheds its oak leaves and briefly looks as wretched as a moulting animal. *Eventually, it makes* one of the finest tall evergreens in nature but after ten years or so, if well loved, it will already make an eight-foot-high bush of dark *evergreen leaves* whose presence is unmistakable. Hedges *of ilex* are possible in southern gardens but you have to be patient.

So much for the request. The *criticism* is more easily met. Two months ago, I wrote of a low carpeting plant called Phuopsis whose pink heads of flower and spreading habit are worth anyone's attention. Phuopsis, however, is very well known to my fellow columnist, Christopher Lloyd, whose fine garden *at Great Dixter*, Northiam, Sussex, is such an example to us all.

Discussion

Readers of his distinguished weekly patch in Country Life magazine *will know* me and the FT by now for his periodic reports to us, but on Phuopsis, he feels, I have sinned revealingly. I omitted to tell you that it smells very strongly of fox. After some discussion, Mr Lloyd *concludes that if I knew* anything about fox hunting, I would surely have pointed out this powerful fact.

My thanks first, to the gallant reader who alerted me to this by writing to ask if Christopher Lloyd knew what he was talking about. On the scent of Phuopsis, indeed he does. On the reasons for my omission, he is not so near the mark. I would like to adjust the record with a few lines which came to me among the Bank Holiday bindweed.

To be picked up by
Christopher Lloyd
Is an honour. So why feel
annoyed
If he could have come closer
Than Phuopsis stylosa
To a plant where my
knowledge is void?

Fox-like is the smell of
Phuopsis
(So, too, with the blue
Codonopsis)
If I gave it no mention,
He should first pay attention
To my Country Life's yearly
synopsis.

I spend winter in coverts
and copses
Hunting after a scent like
Phuopsis;
Then, the mid-summer sun
Makes my own fox-scent run,
As I care for my prize
Meconopsis.

So Phuopsis, when planted
in rocks
Or by paths, smells like one
more (Lane) Fox.
And this column assumes
That these vulpine perfumes
Are as stale news as
Treasury stocks.

Expect Mailman at the post

RACING

BY DOMINIC WIGAN

EVEN YORK is feeling the effects which firm and in some cases hard ground is having on entries. Trainers are withdrawing their charges rather than risk them *on what they* regard as unfavourable ground.

The field for this afternoon's feature event on the Knavesmire, the Gilbey Champion Racehorse Futurity, has shrunk to just six of the 15 who came up for the final declaration stage. There are single figure fields *for the remaining* five races except for the "seller."

Zilos and Prime Voce have been pulled out of the Gilbey *race*, so the way could be clear for Mailman to open his account.

The Kingsclere colt, a chestnut son of Malacate, is thought to have made above-average improvement since chasing home Trebora and Ashenden in *Newmarket's Plantation Stakes.* He should account for General Anders, the 2½ lengths runner-up to The Dinmont in Goodwood's Rouse Memorial Stakes.

In the two-year-old *event*, the UK Wiseman Optical Spectacular, a mile nursery with £5,000 added prize money, Santella Man and Deal On must be considered.

The former won good races at *Sandown and Kempton before* letting his connections down in Newcastle's Group Three Seaton Delaval. Deal On did well to run Jiretta to the minimum distance when trying to concede 12 lbs at Doncaster before failing *on his subsequent start.* Santella Man may just have the edge.

Whatever their fate with Mailman, Ian Balding and his stable jockey, John Matthias, should not leave the North's premier course empty-handed, because *the still under-rated* Bedford from the U.S. appears to have an excellent chance in the four-runner Heslington Stakes.

Last time out this improving three-year-old *cut out all his* own running in Kempton's mile *and three furlongs* Autumn Stakes before pulling away to put four lengths between himself and market rival, More Oats.

This was a useful *performance* by Bedford who should *have a fair* bit in hand over Angel Song, Aniece and Judd over this additional furlong on a stiffer course.

YORK

2.00—Solway Winds
2.30—Santella Man
3.00—Mailman***
3.30—King's General
4.00—Turnberry Isle*
4.30—Bedford**

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University. 9.55 The Wombles. 10.00 Jackanory. 10.15 Sports All Rounder of the Year. *10.40-11.00* Take Hart. 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Fingerbobs. 4.18 Regional News for England (except London). *4.20* Play School. 4.45 Stopwatch. 5.10 John Craven's Newsround. 5.15 Grandad.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Tom and Jerry.
6.30 MacLeod in Japan.
6.55 The Wonderful World of Disney.
7.40 The Dick Emery Show.
8.15 Marti Caine.
9.00 News.
9.25 Shoestring.
10.15 Cosmos.
11.05 A Little Night Music.
11.40-11.45 News Headlines.

All Regions as BBC1 except as follows:

Cymru / Wales — 5.15-5.40 pm Animal Magis. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.15-7.40 O Dro I Dro. 11.40 News Headlines, News and Weather for Wales.

Scotland—1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.40 News Headlines: News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News Headlines, *News and Weather* for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds); *Look North* (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Charbar.
11.00-11.25 Play School.
4.50-5.15 & 5.40-6.55 Open University.
6.55 F.A.C.T.S. Football Association Coaching, Tactics, Skills.
7.20 One Hundred Great Paintings.
7.30 News Summary.
7.40 Sandor Vegh Masterclass.
8.10 The Body in Question by Jonathan Miller.
9.00 Rhoda.
9.25 Leslie Sarony in 'The Old Boy Network.'
10.05 Cantilena.
10.45 Newsnight.
†11.30 Laurel and Hardy in 'Night Owls'.

LONDON

9.30 am Wonders of the Underwater World. 10.00 Rocket Robin Hood. †10.20 "Too Many Crooks," starring Terry-Thomas, George Cole and Sidney James. 11.40 Young Britain. 11.50 Beany and Cecil Cartoon. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Music of Man. 1.00 News, *plus FT Index.* *1.20 Thames* News. 1.30 Crown Court. 2.00 Live from Two. 2.25 Racing from York. 3.45 Looks Familiar. 4.15 Road Runner. 4.20 Animals in Action. 4.45 The Squad. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Paul Squire Show.
7.30 Coronation Street.
8.00 Only When I Laugh.
8.30 Callan.
10.30 "Night Watch," starring Elizabeth Taylor and Laurence Harvey.
12.20 am Close: Sit Up and Listen with Terry Duffy.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am *European Folk Tales.* 9.40 England, Their England. 10.10 Thunderbirds. 11.00 Cartoon Time. 11.10 Pro-*Celebrity Darts.* 11.35 *The History of* the Motor Car. 1.20 pm Anglia News. 5.15 Here's Boomer. 6.00 About Anglia. 12.15 am Anglia Late News. 12.20 The Big Question.

ATV

9.25 am Circus. 9.50 Contrasts. †10.15 ATV Picture Palace: "The Phantom of the Opera," starring Lon Chaney. 1.20 pm ATV News. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 The Paul Squire Show. 7.30 Coronation Street. 8.00 Only When I Laugh.

BORDER

9.30 am Untamed World. 9.55 *Friends of My Friends.* 10.20 George Hamilton IV. 10.45 Thunderbirds. 11.35 Fangface. 1.20 pm Border News. 5.15 Bygones. 6.00 *Lookaround Wednesday.* 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News: What's On Where and Weather. 5.15 Welcome Back Kotter. 6.00 Channel Report. 6.10 Ladies First. 10.28 Channel Late News. 12.15 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.55 am First Thing. 10.00 Alphabet—The story of writing. 10.25 Wilderness Alive. 11.15 *Beyond Westworld.* 1.20 pm North News. 5.15 Welcome Back, Kotter. 6.00 Summer at Six. 12.15 am North Headlines.

GRANADA

9.30 am Wildlife in Crisis. 9.55 Circus. 10.20 Wednesday Matinee: "The Good Guys and the Bad Guys," starring Robert Mitchum. 11.50 Cartoon. 1.20 pm Granada Reports. 5.15 *Happy Days.* 6.00 Granada Reports. 6.25 This Is Your Right.

HTV

9.45 am *The World We Live In.* 10.10 Young Ramsay. 11.00 Sesame Street. 1.20 pm HTV News. 5.15 Dick Tracy. *5.20 Crossroads.* 6.00 *Report West.* 6.30 Survival. 10.28 HTV News.

HTV Cymru/Wales—As *HTV* West except: 12.00-12.10 pm Ffalabalam. 4.45-5.15 Sion a Sian. 6.00 Y Dydd. *6.15-6.30 Report Wales.*

SCOTTISH

9.55 am Sesame Street. 10.55 *Mary Chipperfield and Friends.* 11.05 Charlie's Angels. 1.20 pm News Headlines and Road and Weather Report. 5.15 *Teatime Tales.* 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talkback. 6.30 Down to Earth. 12.15 *am Late Call.*

SOUTHERN

9.30 am Focus on Wildlife. 9.55 Tarzan. 11.30 Out of Town. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East Area only).

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 The World We Live In. 9.55 Joe 90. 10.20 Entertainment Special. 11.10 Rockstage. 1.20 pm North East News. 1.25 Where the Jobs Are. 5.15 Here's Boomer. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 12.15 am Family Business.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Family Matters. 10.28 Ulster Weather. 12.20 Bedtime.

WESTWARD

9.25 am *Larry the Lamb in Toytown.* 9.40 Sesame Street. 10.40 Hands. 11.05 Alphabet: The Story of Writing. *11.30 Razzmatazz. 11.55 Wattoo* Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Head*lines. 5.15 Welcome Back Kotter.* 6.00 Westward Diary. 10.32 Westward Late News. 12.15 am Faith for Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am World Fairy Tales. 9.40 Bill, Peggy, Royal and Friends. †10.05 "I'll be your Sweetheart" starring Margaret Lockwood, Vic Oliver and Michael Rennie. 11.45 The Poetry of Landscape. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 5.15 Mork and Mindy. 6.00 *Calendar (Emley Moor and Belmont* editions).

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. *9.00 Simon Bates.* 11.00 Peter Powell with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Steve Wright. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray *Moore* (S). *10.00 Jimmy Young* (S). 12.00 John Dunn (S). 2.00 Jean Challis (S). 4.00 David Hamilton (S). *5.45 News. Sport. 6.00 Don Durbridge* with Much More Music (S). 8.00 Listen To The Band (S). 8.45 Alan Dell with *Dance Band Days. 9.15 Among Your* Souvenirs (S). 9.55 Sports Desk. 10.00 Oh Mother! (S). 10.30 Hubert Gregg *says Thanks for the Memory.* 11.00 Brian Matthew with Round Midnight from The Edinburgh Festival. 1.00 am *Trucker's Hour* (S).

RADIO 3

6.55 am Weather. 7.00 *News.* 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (cont.). 9.00 News. 9.05 *This Week's Composer:* Tchaikovsky (S). 10.10 Music for Organ (S). 11.00 Edinburgh International Festival (S). *Recital by the King's Singers, Part 1.* 11.40 Festival Comment. 11.55 Recital, Part 2. 1.00 pm News. 1.05 BBC Scottish Symphony Orchestra (S). 2.05 A Mighty Handful (S). 3.05 Haydn (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Let the Peoples Sing (S). 7.30 Proms 81 (S), part 1: Martin, Beethoven; 8.35 Six Continents. 8.55 Proms 81 (S), part 2: Dvorak. 9.45 Britten (S). 10.00 One Pair of Ears. 10.15 Cello and Piano (S). 11.00 News. 11.05-11.15 Vaughan Williams (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.35 am; 12.55-1.15 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming *Today.* 6.25 *Shipping Forecast.* 6.30 Today. 8.45 Love Among The Butterflies. 9.00 News. 9.05 Mid-Week: Pete *Murray.* 10.00 *News.* *10.02 Gardeners'* Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 *Baker's Dozen* (S). 12.00 News. 12.02 pm You And Yours. 12.27 Give Or Take (S). 12.55 Weather, Programme News. 7.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. *3.02 Afternoon Theatre* (S). 4.00 Countryside in September. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 *Shipping Forecast.* 5.55 Weather, Programme News. 6.00 News, including Financial Report. 6.30 The Year in *Question.* 7.00 *News.* 7.05 The Archers. 7.20 Checkpoint. 7.45 Rambling and Walking. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Lord of the Rings by J. R. R. Tolkein (last part) (S). 11.00 A Book At Bedtime (S). 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 MMM... Maitland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . Speedway. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

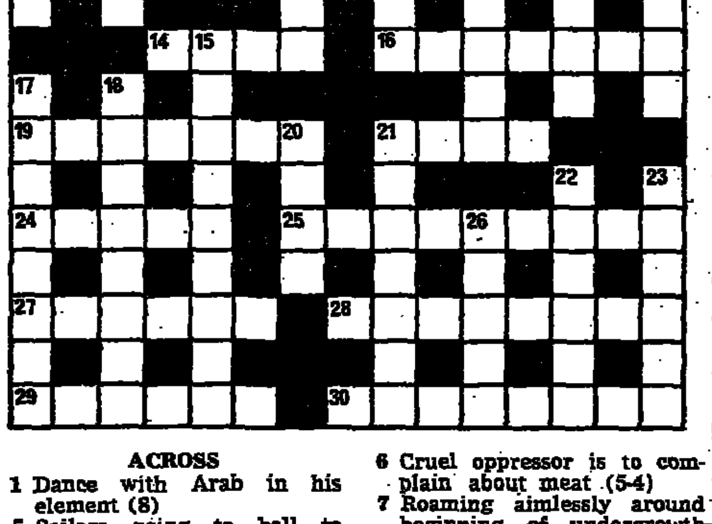
London Broadcasting

5.00 am AM—Douglas Moffitt and Douglas Cameron. 10.00 Brian Hayes. *12.00 LBC Reports.* 7.00 *pm London Life.* 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 *First Report.* 1.10 Mike Allen contd. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Peter Young (rock music). 10.30 John Sachs's Late Show. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,661



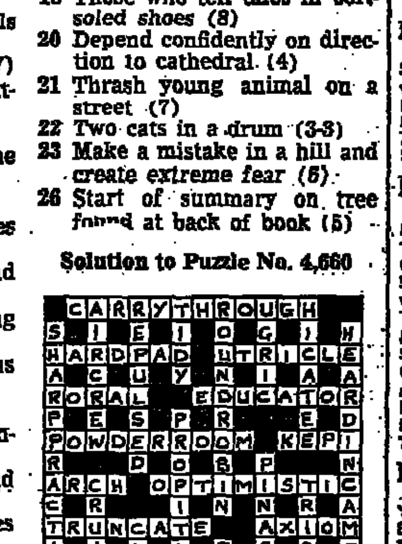
ACROSS

1 Dance with Arab in his element (8)
5 *Sailors going to* ball to imbibe (6)
9 Socialist is turning it left to vaporise again (8)
10 Passing quickly and avoiding a very *brief sort of visit (8)*
12 Confront the clergy and flannel (4-5)
13 Yes, sailors feel compassion (5)
14 Useless as worms and wheels may be (4)
16 *Think to take the liberty* (7)
19 Study a pleasure trip in outline (7)
21 Steal a ride (4)
24 Money for a section of the orchestra (5)
25 Fruit-seed and rock (9)
27 *Conduct of one who imitates* a colony of monkeys (6)
28 It's cooler in the car and warmer in the house (8)
29 A cloth for cleaning a flag . . . (6)
30 . . . or pennon also used as a *headline* (8)

DOWN

1 One way to current contention (6)
2 Change to another form and slim (6)
3 Graduate thus becomes *fundamental* (5)
4 Doctor getting up in a din that is injurious to health (7)
6 Cruel oppressor is to complain about meat (5-4)
7 Roaming aimlessly around beginning of undergrowth for a herb (8)
8 One who is starting to ask over interior (8)
11 Fellow with a cheek? (4)
15 Fails to hold ice-cream cornet and cake (4-5)
17 Black-leg and poet should cover the point (8)
18 Those who tell tales in soft-*soled shoes* (8)
20 Depend confidently on direction to cathedral (4)
21 Thrash young animal on a street (7)
22 Two cats in a drum (3-3)
23 Make a mistake in a hill and *create extreme fear* (6)
26 Start of summary on tree found at back of book (5)

Solution to Puzzle No. 4,660



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight ... [illegible]

ROYAL FESTIVAL HALL. 01-928 3191. ... [illegible]

SADLER'S WELLS THEATRE. ... [illegible]

THEATRES

ADELPHI. ... [illegible]

ALBERY. ... [illegible]

ALDWYCH. ... [illegible]

AMBASSADORS. ... [illegible]

APOLLO. ... [illegible]

APOLLO VICTORIA. ... [illegible]

ARTS. ... [illegible]

CAMBRIDGE THEATRE. ... [illegible]

CHICHESTER. ... [illegible]

COMEDY THEATRE. ... [illegible]

CRITERION. ... Mon to Thur 8.00, Fri & Sat 5.00 & 8.45. STALLS FROM £2.90. Dario Fo's farce CAN'T PAY? WON'T PAY!

DUCHESS. S and CC 836 8243. Eves 8. Wed 3. Sat 5.30 and 8.30. Francis Matthews, George Sewell and Lynette Davies in Best Thriller for Years. THE BUSINESS OF MURDER.

GARRICK. S CC 836 4601. MARTIN JARVIS, JUDY GEESON and PETER BLYTHE in CAUGHT IN THE ACT. Reduced price previews: Aug 28 to Sept 3. Press night Sept 4, 7 pm. Evgs at 8.00 Wed and Sat 5 & 8. Group sales 01-379 6061.

GREENWICH. CC 858 7755. Evgs 8.0. Sats 5 & 8. LESLIE RANDALL in LAUGHS.

HAYMARKET. THEATRE ROYAL. 930 9832. DEBORAH KERR, IAN CARMICHAEL in OVERHEARD, A *new comedy* by PETER USTINOV. Evs Mon-Sat 8.00 pm. Mat Wed 2.30 Sat at 4.30 pm.

HER MAJESTY'S. 930 6606-7. CC 930 4025-6. Grp sales 379 6061. Eves 8.0. Sat Mats 3.0. FRANK FINLAY in the National Theatre's multi-award winning International Smash Hit AMADEUS by PETER SHAFFER. Directed by PETER HALL.

JEANNETTA COCHRANE. 01-242 7040. NYT Silver Jubilee Season NONE BUT FRIENDS. A new play about the Peasants Revolt. Evgs. 7.30. Ends Sat.

KING'S HEAD. 226 1916. Dnr 7.00 Show *8.00. PEOPLE SHOW CABARET.*

LONDON PALLADIUM. 01-437 7373. MICHAEL CRAWFORD in the Broadway Musical BARNUM. Eves 7.30. Mats. Wed and Sat 2.45. Use the Barnum Hotline 01-437 2055. 01-734 8961 for instant credit card reservations. MATINEE TODAY 2.45 SEATS AT DOORS.

LYRIC. S. CC 437 3686. Grp sales 379 6061. Eves 8.0. Mat Wed 3.00. Sat 5.00. JOHN STANDING, ESTELLE KOHLER, HUGH LLOYD in Noel Coward's TONIGHT AT 8.30. Enjoy pre-show supper at the Cafe Royal plus ticket for show for only £8.95 inclusive. Phone Cafe Royal 01-437 9090.

LYRIC HAMMERSMITH. CC 01-741 2311. Eves 7.30. Thur Mat 2.30. Sat 4.30 and 8.15. CHAPTER TWO Neil Simon's comedy with MAUREEN LIPMAN.

MERMAID TH. Blackfriars, EC4. 01-236 5568. 01-930 0731. 01-236 5324. Air conditioned. Parking adjacent. CHILDREN OF A LESSER GOD starring TREVOR EVE & ELIZABETH QUINN. Eves 8.0. Mats Thur 3.0. Sats 4.30. (From Sept 12 Sat Mat at 3.0.)

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage) Today 2.00 (low price mat) & 7.15 MUCH ADO ABOUT NOTHING by Shakespeare. Tomor 6.00 MAN AND SUPERMAN.
LYTTELTON (proscenium stage) Ton't, Tomor 7.45 (last perf) THE CARETAKER by Harold Pinter.
COTTESLOE (small auditorium—low price tkts) Ton't 7.30 THE MAYOR OF ZALAMEA by Calderon in a version by Adrian Mitchell. Tomor 7.30 DON JUAN. Olivier/Lyttelton Summer Standby: any unsold seats £3.50 (£2.50 mid-week mats) from 10 am on day. Car park. Restaurant 928 2033. Credit card bkgs 928 5933. Air Conditioning.
NT also at HER MAJESTY'S.

NEW LONDON. CC. Drury Lane, WC2. ... [illegible]

PALACE. ... [illegible]

PHOENIX. ... [illegible]

PICCADILLY. ... [illegible]

PRINCE EDWARD. ... [illegible]

PRINCE OF WALES. ... [illegible]

QUEEN'S. ... [illegible]

RAYMOND REVUEBAR. ... [illegible]

ROYAL COURT. ... [illegible]

ROYAL COURT THEATRE UPSTAIRS. ... [illegible]

SAVOY. ... [illegible]

ST MARTIN'S. ... [illegible]

SHAFTESBURY. ... [illegible]

STRAND. ... [illegible]

TALK OF THE TOWN. ... [illegible]

VICTORIA PALACE. ... [illegible]

VAUDEVILLE. ... [illegible]

WAREHOUSE. ... [illegible]

WHITEHALL. ... [illegible]

WINDMILL. ... [illegible]

WYNDHAM'S. ... [illegible]

CINEMAS

CLASSIC ENTERTAINMENT
Telecats 01-200 0200

CLASSIC 1, 2, 3, Haymarket ... [illegible]

CLASSIC 1, 2, 3, 4, Oxford St. ... [illegible]

CLASSIC 1, 2, 3, TOTTENHAM COURT RD. ... [illegible]

CLASSIC Leicester Square. ... [illegible]

CURZON, Curzon Street, W1. ... [illegible]

ODEON HAYMARKET. ... [illegible]

ODEON LEICESTER SQUARE. ... [illegible]

ODEON MARBLE ARCH. ... [illegible]

PRINCE CHARLES, Leic. Sq. ... [illegible]

STUDIO 1 and 2, Oxford Circus. ... [illegible]

ART GALLERIES

BLOND FINE ART, 33, Sackville St, W1. ... [illegible]

FIELDBORNE GALLERIES. ... [illegible]

LEFEVRE GALLERY, 30, Bruton St, W1. ... [illegible]

MARLBOROUGH, 6, Albemarle St, W1. ... [illegible]

MATHAF GALLERY, 24, Motcomb Street, London, SW1. ... [illegible]

THACKERAY GALLERY, 18, Thackeray St. ... [illegible]

CLUBS

EVE, has outlived the others ... [illegible]

GARGOYLE, 69, Dean Street, London, W1. NEW EROTIC FLOORSHOW ... [illegible]

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For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Head office for VAT inspection

For the last few years I have run, with a partner, a small spare time business selling games by mail order. In December 1980 we opened a shop, which is run by my partner full time who also handles the mail order business from the shop premises. I have continued to do the book work, etc., in my spare time and because of the distance to the shop and the space available there all the files, accounts, etc., are kept at home. However, the VAT inspector tells me that since he considers that the shop must be the principal place of business, it will be there that in future he would make his (annual?) call to inspect and check the accounts, and that we must be prepared to produce all the relevant accounts, invoices etc., at the shop premises. This will be very inconvenient. Is it not possible for us to elect to have the house treated as our "head office." It certainly is that to all intents and purposes. How does a company with a head office and a chain of shops get treated? If it is correct that the shop must become "the principal place of business" do the customs and excise have no discretion to inspect at another place? If the books must be produced at the shop what is the minimum that must be available?

You have encountered a problem which distresses many small businesses. The Customs and Excise have substantial powers in relation to the inspection of documents and the right of entry to premises. It may be that the difficulty you face is due to the training of VAT inspectors. Accountants have to check books but you will not find them insisting on carrying out the whole of their work at the premises of a small business. You can try to persuade the VAT inspector to examine your books at your house but you cannot elect to have it treated as your head office. There is no concept of head office in the VAT legislation. It is a matter of practice of the Customs and Excise to want to examine books at a head office. In the case of a chain of shops we expect that the VAT inspector would examine books at the head office and also visit a number of shops. In law visit a number of shops. In law the Customs can demand that you produce your books and also enter premises where a business is carried on.

The law does not say where they have to be produced but if you produce them at your home the VAT inspector may merely take them to your shop to examine them there. There is no minimum information that must be given to the Customs and Excise.

They will ask for such books and information that they consider necessary to check your VAT position.

Gains and losses on a sale

The shareholders of a company are dissolving its business and sharing the assets. Among these was a building, valued in 1973 by an independent valuer at £80,000, which I took as part of my share, but the District Valuer does not agree to this figure. What can we do about this? In 1977 I sold the building to my present company for £90,000. Should a tax gain be established in the first instance, is it possible to claim a tax loss in the second?

If the liquidator is unable to reach agreement with the DV on the market value (for the purposes of the company's corporation tax assessment), the question will be determined by the Lands Tribunal; you have the right to be joined as a party in the liquidator's appeal (under regulation 8 of the Capital Gains Tax Regulations 1967).

The market value must also be established as at the date of your contract with your company in 1977 (because of Section 62 (2) and Section 63 (6) of the Capital Gains Tax Act 1979). If the 1977 market value proves to be lower than the 1973 market value, the loss will not be allowable against your chargeable gains generally, but only against any chargeable gains accruing on disposals to the same company (because of Section 62 (3) of the Capital Gains Tax Act 1979).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Ford elbows its way into Japan's backyard

Kenneth Gooding examines the motor group's strategy in the Asia-Pacific region

FORD MAY have been slow off the mark in responding to Japanese competition in the U.S. car market, but it is adapting with commendable flexibility on Japan's own doorstep—what it calls the Asia-Pacific region. While this area may be far from headquarters, the reorganisation will have an impact right through the group—not least on its European business.

An example of its response is its decision to supplant the European-built Cortina in Asia-Pacific next year, not with the new European replacement, but with a Japanese car carrying the familiar oval Ford badge. The car will be made by Toyo Kogyo, the Mazda group in which Ford has a 25 per cent shareholding. Probably it will be a version of the Mazda 626, known in Britain as the Montrose.

Toyo Kogyo is already producing a car called the Laser for Ford's Asia-Pacific dealer network. This is more or less a Mazda 323 with a different front end to take the Ford badge.

The Japanese-produced Laser, a not-too-distant relation of Ford's new front-wheel-drive Escort, replaced the old rear-drive Escort in Asia-Pacific this year.

The impact of the reorganisation on Ford of Britain has been considerable since it had been exporting 100 old Escort kits a day to Asia-Pacific, or around 35,000 a year, from the Halewood plant on Merseyside.

The position with the Cortina is more complex. Ford of Britain will certainly lose the Australian market. It has been shipping out parts for 25,000 to 30,000 Cortinas a year to Australia—but those parts made up only around 24 per cent of the car. Also at risk are an annual 18,000 kits to Taiwan, where 52 per cent of the Cortina is from Britain, and 20,000 to Korea, where the car is 42 per cent British.

It is indeed ironic that Ford, which has been most vociferous in Europe and the U.S. about the increasing damage to the Western motor industry being done by the Japanese, should at the same time be helping to build up Toyo Kogyo, already Japan's number three vehicle producer, by pushing its car output well beyond the 1m a year mark.

Yet there is consistency in Ford's actions. Its business in the Asia-Pacific region would almost certainly have been wiped out pretty quickly if it had had to continue to rely on British products.

Nearly all the European vehicle makers have pulled out of the region licking their wounds. For Asia-Pacific is now dominated by the Japanese—and not only in the car markets—for the whole economy of the region is based on the yen.

Ford was determined to keep its representation in the area, at least with a dealer network. The first step was the acquisition of 25 per cent of Toyo Kogyo in 1979 so that TK could become the low-cost supplier of cars and kits for Ford's distribution network in the area, as well as a supplier of components.

According to one Ford executive: "The relationship with TK has allowed Ford to leapfrog the European and US competition in the Asia-Pacific area." The relationship stretches back ten years; Ford was buying light commercial vehicles, putting Ford labels on them and selling them in Australia and the U.S.

Ford bounds into leadership of the Australian car market with the Japanese-built Laser

Lucrative

The opportunity for closer co-operation came after the 1973-74 oil crisis when TK ran into money problems. It had bet heavily on using the Wankel rotary engine to spearhead sales in the lucrative U.S. market. The Wankel gives a very smooth ride because it does not vibrate as much as a conventional engine, but it is very thirsty.

In Japanese style, TK's banker, the Sumitomo Group, which had loaned the car maker $400m, moved in to reshuffle the management and sort out the finances. There also seems to have been some prodding from the Japanese Ministry of International Trade and Industry.

Ford was allowed in at the cost of $135m for its 25 per cent, at the same time giving an undertaking to the U.S. Government—which was worried about the apparent impact on competition in the States—that it would not take control of TK.

TK still sees itself as a supplier to Ford, which for its part sees TK as the cornerstone of its Asia-Pacific operations as well as an arms-length supplier.

There is no doubt that the relationship will expand materially in the next few years. Last year around 10 per cent of TK's $5bn sales went to Ford.

David Eisenberg, one of America's leading automobile analysts and vice-president of Sanford C. Bernstein and Co, estimates Ford could soon be purchasing $1.5bn of products from TK. "The relationship will be of substantial value to both companies," he adds.

Certainly, the first fruits of the new-style association between Ford and TK in the Asia-Pacific region have been juicy indeed. In some markets as many TK-built Lasers are being sold in one month as the old Escort sold in a year.

Introduction of the Laser has taken Ford back to leadership of the car market in Australia, Ford's biggest market in that area, for the first time for four years.

Ford believes that Australia is one of the last major growth markets; it accounts for about one-third of the 1.5m vehicles sold by all manufacturers in the Asia-Pacific area, and two-thirds of Ford's dealers in that region are there.

Ford suggests that car demand will grow at about 5.5 per cent a year, far greater in percentage terms than the 1 to 2 per cent growth forecast for Europe or the U.S.

But that fact has not escaped the notice of other multinationals or the Japanese, and competition is likely to get more fierce.

That is why the association with TK is so important. In Malaysia, for example, Ford was faced with the alternative either of quitting or finding a low-cost supply base to replace the UK. Yet within a few years the market is expected to become the third largest in area after Japan and Australia (although with annual vehicle sales of about 107,000 last year at the present it is small compared with Japan's 11m and Australia's 450,000).

Assembly

Ford has taken its linking policies even further in Malaysia where the local government insists on local assembly for any car sold there. Ford cars were put together by its distributor Pernas Sime Darby, jointly owned by the Malaysian Government and the Sime Darby trading group. Now Ford has acquired 51 per cent of the distribution-assembly company so as to control the assembly and marketing of its products in Malaysia.

Ford's re-emergence in the Asia-Pacific region has been underlined by the recent major restructuring of Ford Asia-Pacific (Faspac).

Faspac was to some extent modelled on Ford of Europe when it was set up with headquarters in Melbourne, Australia, in 1970. The recent reorganisation involved the switching of Sir Brian Inglis, formerly managing director of Ford of Australia, to a new post — vice-president operations, Faspac—to "oversee and co-ordinate every aspect of Ford's automotive business in the region."

He will co-ordinate the activities of Ford's affiliates in Australia, New Zealand, the Philippines, Taiwan, Malaysia (all countries where it has its own assembly operations), Japan and distribution companies in 40 other countries.

From selling cars supplied mainly in kit form from Europe, future Fords sold in the Faspac region will be wholly Japanese — with some local content where that is mandatory. Australia, for example, insists on 85 per cent local content and Taiwan 70 per cent.

Cars sent in built-up form from Japan but with Ford badges are already being sold in markets outside Faspac—such as Zimbabwe, Argentina, Puerto Rico and other Caribbean islands, Kenya, Malta, Cyprus and the Cameroons—areas where Ford reckons it could not survive against the Japanese competition without providing cars made at Japanese cost.

Ford suggests it can push its car sales in the Faspac region from last year's 180,000 to 300,000 a year by 1985. It is willing to invest $120m a year for new products, new manufacturing methods and increased capacity to back its hunch.

Management abstracts

Multinational strategic market portfolios. G. D. Harrell and R. O. Kiefer in MSU Business Topics (U.S.), Winter 1981: p. 5 (10½ pages, charts, tables).

Argues that market planning is more effective than product planning for multinationals; discusses an analytical approach which emphasises market-share improvement and which evaluates markets in terms of target-country attractiveness and the competitive strength of the company; uses Ford Motor's tractor operations as an example.

Determinants of executive compensation. N. C. Agarwal in Industrial Relations (U.S.), Winter 1981: p. 36 (10½ pages, tables).

Reviews literature on executive compensation, and finds it wanting: describes research into variables that determine the compensation of executives in insurance companies, and finds that job complexity and the firm's ability to pay are more important than the "human capital," i.e. a person's educational level, expertise, and work experience.

The when and how of using distributors. P. Hague in Industrial Marketing Digest (UK), Vol 6 No 2: p.101 (5 pages).

Suggests that the use of distributors can make sense, but points to common weaknesses in the arrangement (with manufacturers believing that distributors make little effort to sell, and distributors feeling that manufacturers (do little to support them): suggests that, since manufacturers select the distributors, it is the formers' responsibility to initiate improvements; gives advice on arrangements.

Information as a corporate asset. R. C. Spinosa Cattela in Information and Management (Netherlands), Mar 81: p. 29 (8½ pages, diag.)

A senior manager at Philips, the electrical multinational, relates the group's information requirements, and explains how they have affected EDP development; discusses early difficulties, and describes how some of these were partially overcome by introducing group-wide standards.

Futures research. J. G. Wissema and D. J. Eppink in Long Range Planning (UK), April 81: p.29 (7½ pages, chart, table).

Looks at the role of futures research in helping to cope with changes in the business environment; stresses that its aim is not to predict a single future but to identify a range of them. Points to the importance of such research for planning, but shows that techniques are rarely used in Europe; suggests that this is because of the vagueness of forecasts and because it often takes a crisis before managements are willing to accept visions of the future different from those they hold.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p + p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

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COMPANY NOTICES

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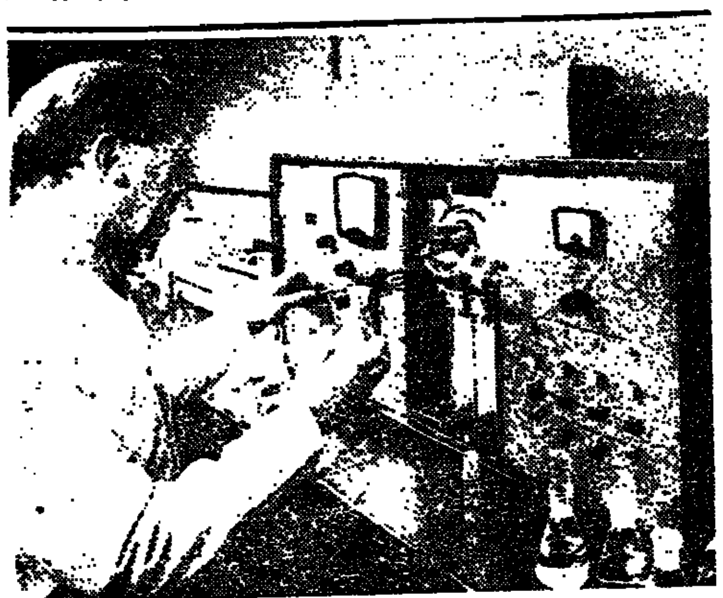
TRAVEL

PUBLIC NOTICES

TECHNOLOGY

Silver—much too precious for burning

MAX COMMANDER looks at a 50-strong British company which is leading the world in the technique of silver recovery from photographic materials.



PHOTOGRAPHIC Silver Recovery offers an independent silver refining service. An operator checks a silver specimen for purity using an atomic absorption spectrophotometer

GEORGE FARMER is a large, down to earth man, highly intelligent and managing director of Photographic Silvery Recovery (PSR) at Royston, Hertfordshire.

He started life as a qualified engineer with the private gas company preceding North Thames Gas, moved to Ilford Photographic and then decided to go into the silver recovery business.

Cynics could describe him as a silver scrap dealer; others might say he provides a high technology conservation system. His 50 or so employees at Royston have a high regard for his know-how, his son's accounting and financial ability, and his ability to take a difficult business by the scruff of the neck and build it into a growing successful business.

Philosophy

A great deal of research and chemistry has gone into PSR to extract the highest possible silver return from used film and hospital X-ray films.

To recover the metal in the old days plants incinerated the film and then, sorting through the ashes, recovered a measure of silver flakes.

It was messy, inefficient (it still is in most parts of the world) but George Farmer looked for the experts in the belief that there was a better way of doing it.

Permutations

Silver is not for burning was his philosophy. He recruited experts and now, Royston, without an incinerator in sight, can process up to two tonnes of film in an eight-hour shift and produce silver flake of up to 98 per cent purity with insignificant losses.

PSR will buy outdated film outright for the silver content, or, alternatively, process individual batches for a processing fee.

Obviously, much depends on the individual customer; either a deal where a share of the final silver proceeds are shared or PSR buys outright and takes the entire profit.

There are permutations, depending on the amount of film or hospital X-rays, but more and more PSR is taking hospital archives, processing the material and, if required, can have an independent observer to weigh and check the amount of silver recovered.

Because PSR claims to lead the U.S. and Europe in technique it would be unfair to give away the entire process. Suffice to say that bulk film, X-rays, etc., are mechanically disintegrated into fragments about ½-cm square.

GEORGE FARMER: a Silver King unit could be a cottage industry.

A conveyor passes the fragments to a hopper from which they drop into a reaction drum for chemical treatment to remove the silver. There are a variety of washing and bleaching processes with the recoverable silver moving into recovery units where it is plated out on cylindrical anodes.

Waste not, want not, is PSR's second slogan and the final, rather dull, inert de-processed film ends up in a skip. "It makes excellent fuel for space heating in a factory down the road," says George Farmer.

At Royston, silver recovery is on a fairly big scale, but customers wanting a smaller operation can buy one of PSR's Silver King recovery units. These can almost be tailor-made depending on requirements.

George Farmer says: "One of these can be a cottage industry. Set one up in an Indian village, organise your used film supplies, recover the silver and carry the bullion to the nearest market."

George Farmer has what he modestly describes as "little more than a beach hut in the Canaries." A silver gilded cage, perhaps?

More from PSR, Saxon Way, Melbourn, Herts (0763 61622).

PHOTOGRAPHIC Silver Recovery claims to be the only company specialising in the manufacture of electrolytic silver recovery equipment which it sells outright to photofinishers and motion picture laboratories and hospitals. Here, Silver King Sixty and Century units for silver recovery from photographic fixer are under assembly at Royston, Hertfordshire

Twinlock filing

WHAT IS claimed to be the first comprehensive filing and storage system for flexible "diskettes" and microfiches available in Britain has been introduced by Twinlock. The range comprises housings for both 8-in and 5¼-in flexible diskettes, or "floppy discs," as well as magnetic cards and microfiche.

Desk, wall-mounted and revolving stands are supplied for all the media, while there are fan file binders for both sizes of diskette.

An important feature claimed for the range is the use of a special non-static pvc to prevent loss of data from the diskettes caused by static-induced errors.

The filing system has padded pockets for pressure-free diskette storage, while the microfiche pockets are cut away to allow easy withdrawal. Additional protection is provided by dust covers and perspex tops for filing trays. More from 01-650 4818.

Putting your mind to the recession

THE recession and intense competition has concentrated minds wonderfully on making better and cheaper products, especially in the motor industry.

For FormFlo, a specialist engineering concern at Cheltenham, it has been a turning point in the upwards direction.

After a decade of slow progress with its machines for cold rolling bearing rings and gears, and customers taking only development machines FormFlo has begun to supply complete lines to bearing and motor manufacturers in Europe and the U.S.

Ford was a pioneer in gear finish rolling, which passed to FormFlo, whose machines are now operating in the UK, Germany and the U.S. helping Ford maintain a reputation for one of the best gearboxes in the world.

At the Cologne plant rejection rates are 0.6 per cent against 4-10 per cent of gearboxes made in Japan, the U.S. and Mexico. BL and Renault are more recent customers.

For bearing applications rolling saves material, becoming an increasing percentage of final cost, and is quicker than machining, with 25-50 per cent improvements compared with cycle times on multi-spindle lathes.

SKF in France and Fafnir in the U.S. now have FormFlo lines and Federal Mogul and Borg Warner are among a clutch of other U.S. customers.

A roll finished bearing ring starts as a thick-walled seamless steel tube.

A special shear parts the metal without wastage to form an annular blank. This is placed between opposed rolls and formed to shape with a surface finish of about one micron.

Among the major benefits claimed for FormFlo gear finishing machines are lower tooling costs—about 200,000 parts compared with 30,000 conventionally—before changes—and greater consistency.

Integrated

The latest FormFlo line of three machines comprises an integrated line with in-process gauging to finish roll the first, second and third gears of the new Escort.

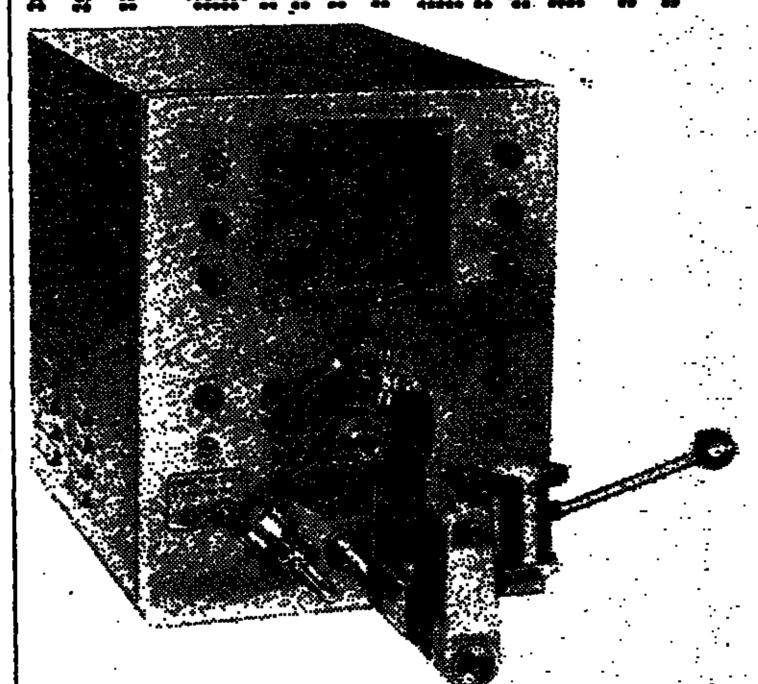
Roll forming machines are also in use by GKN for making ball cages for constant velocity joints for front-wheel-drive cars at savings of up to 50 per cent over conventional machining costs.

A recent study by FormFlo for Fiat indicates that the same principle could be used for making gearbox synchro sleeves using accurate preforms.

FormFlo is at Unit 5, Lansdown Industrial Estate, Cheltenham, Gloucestershire.

PETER CARTWRIGHT

..POINTERS..



Danish electrical detector unit

DESIGNED TO detect and locate rapidly all electrical faults in commutator-type armatures for small electric motors, a Danish-made instrument known as the Disa Armascope is now being marketed in Britain by Cole Equipment. The instrument is claimed to carry out about 400 armature tests an hour, making it possible to test each armature several times during production.

Basically an oscilloscope, it will reveal such armature faults as shorted, open or reversed coils and shorted turns, an incorrect number of turns, or an incorrect commutator position. It can also be used for high-voltage insulation tests at 550, 1,100, 1,650 or 2,200 V and a maximum current of 3mA, says Cole. More from 01-686 7581.

Anti-draught door seal

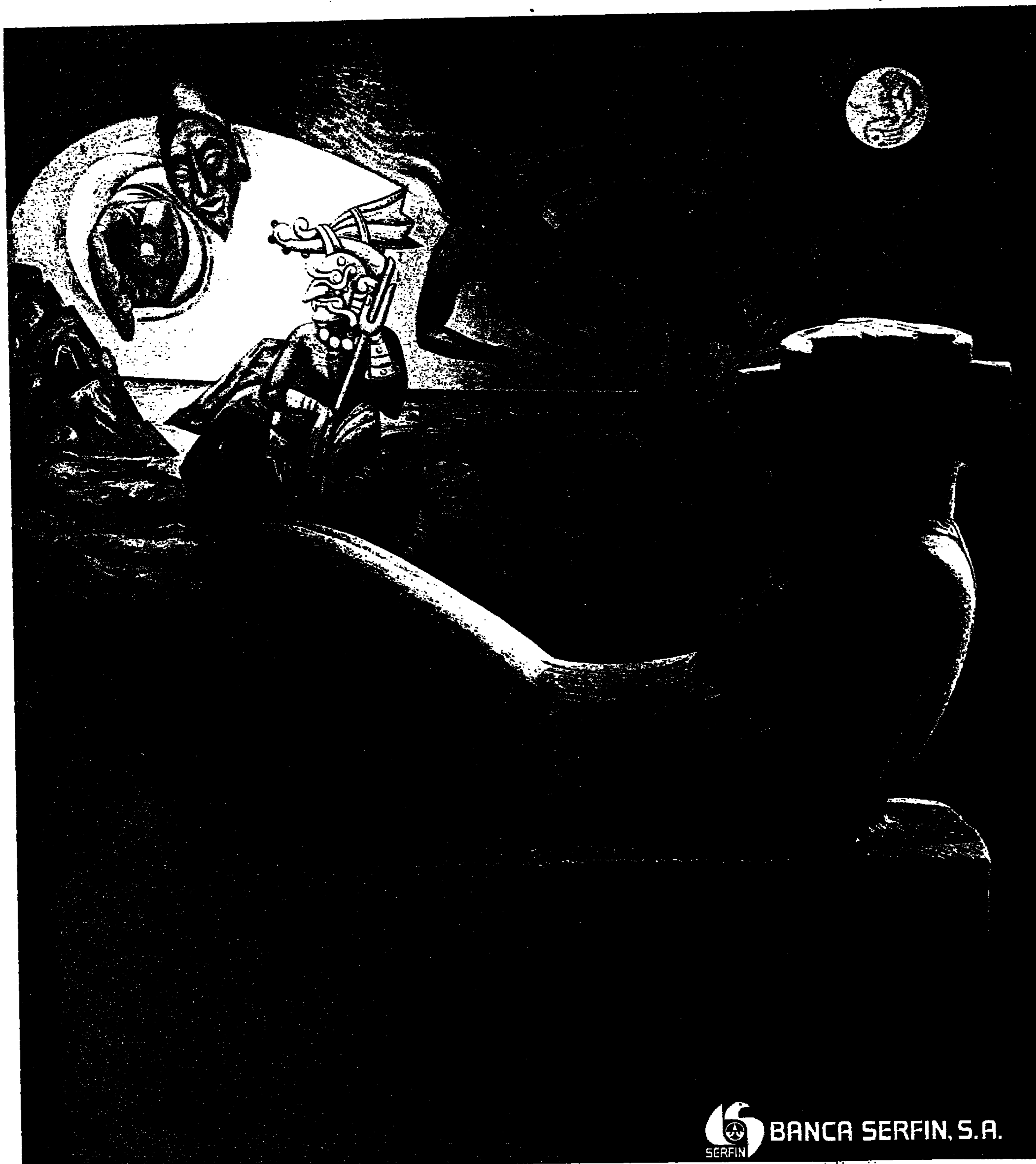
MADE OF Neoprene synthetic rubber, an integral anti-draught seal introduced by Jandor Metal Doors is locked firmly into a specially designed groove which is rolled into the door frame profile at the manufacturing stage.

It is claimed to provide a positive and durable seal between the frame and the metal or timber door, thus ensuring a weatherproof and draught-tight fit. More from 01-965 0962.

Sunlight version

OXLEY DEVELOPMENTS of Cumbria (0229 52621) has extended its range of Def Stan indicator lamps to include a "sunlight version" where on and off conditions must be readily identified.

Available in red, yellow and green the sealed devices are available in two styles, one offering a pinpoint light source for wide angle viewing, the other a focused beam for forward viewing.



FINANCIAL TIMES SURVEY
Wednesday September 2 1981

European Business Aviation

Business flying—the use of aircraft by companies for executive transport—remains for the long term one of the most promising areas of commercial aviation development, despite the fact that the recession has slowed growth in some parts of the world. The wide variety of aircraft types available for the business user will be on view at the Eighth Business and Light Aviation Show at Cranfield, Bedfordshire, from September 3 to 5.

Hope of better times ahead

By Michael Donne
Aerospace Correspondent

GENERAL AVIATION, and business flying in particular, has been one of the less well publicised victims of the recession. Although the many company owned aircraft already in service are being used with increasing frequency and regularity, demonstrating their ability to save their corporate owners substantial sums of money (especially at a time of rising *scheduled air fares*), *overall* sales of new aircraft have declined and manufacturers and dealers are having a tough time winning new orders. The recession, coupled with high interest rates and the high price of Avgas, the fuel they use, has particularly depressed purchases of new single-engined and multi-engined piston types of aircraft.

One significant element in the overall picture, however, is that deliveries of the bigger and more expensive gas-turbine types (jets and turbo-props) have increased in the first seven months of this year, reflecting corporate interest in saving cash by using company-owned aircraft rather than the scheduled airlines, while another factor is that the gas-turbine types use the cheaper aviation turbine fuel Avtur.

For the longer-term there remains an underlying belief in the business aircraft manufacturing industry that there are *some* excellent opportunities ahead, and that once the recession starts to fade interest in business flying will revive, bringing with it an improvement in orders. Currently, therefore, many manufacturers and dealers are concentrating on surviving the recession, in the hope of eventually seeing better times in the mid-1980s and beyond.

General aviation is the term given to all aspects of civil aviation other than scheduled or non-scheduled commercial airline activities. Thus general aviation includes the use of aircraft for corporate executive transport, either on a privately-owned or (air taxi) hire basis; for agricultural aviation of all kinds; for instructional work (in flying training); and for purely leisure and pleasure purposes, *as well as sporting flying.*

It is by far the biggest element in aviation as a whole. The International Civil Aviation Organisation (Icao) estimates that throughout the world in 1980 (excluding China and the Soviet Union) general aviation accounted for some 54m hours of flying, compared with only 15m hours of flying by the scheduled airlines. The 1980 figure was only about 2 per cent higher than in 1979, reflecting the way that general aviation has been affected by the recession, especially in the industrially developed nations.

"Of the total of 54m flying hours, about 10m were spent on aerial and other associated activities, about 12.5m on instructional flying and about 31.5m hours on "business and pleasure." The latter figure is dominated by leisure flying, especially in the U.S. Of the total of close to 292,000 general aviation aircraft on the Icao contracting States' registers in 1979, by far the biggest single number, *253,300*, were light single-engined piston aircraft of which in turn by *far* the greatest number were in the U.S.—223,000 or 76 per cent.

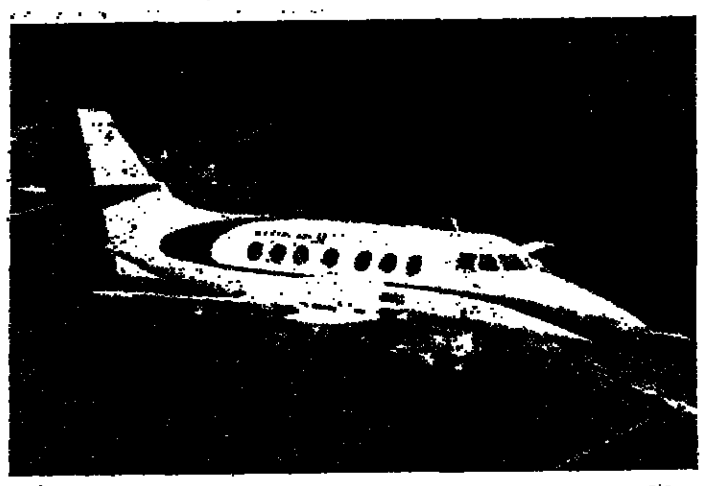
Current trends in sales of general aviation aircraft are reflected in the figures from the U.S. General Aviation Manufacturers' Association (GAMA), whose members are responsible collectively for by far the greatest share of the total world output of general aviation aircraft. GAMA says that in the first seven months of this year the U.S. industry shipped 5,763 general aviation aircraft of all kinds, well down (18.5 per cent) on the 7,070 units shipped in the corresponding period of 1980.

Deliveries of U.S.-built single-engined piston aircraft fell by 22.4 per cent over the first seven *months of 1981, from 4,896 a* year ago to 3,798. Multi-engined (primarily twin-engined piston types) fell by 22.2 per cent from 1,315 units to 1,023, while deliveries of agricultural aircraft fell by 15.5 per cent from 233 to 197.

Against this trend, however, deliveries by the manufacturers of turbo-prop aircraft rose by 16.6 per cent from 446 to 520, and deliveries of jets by 25 per cent from 180 to 225.

Exports accounted for 26.4 per cent of the first seven months' shipments in the U.S.

World-wide sales of business jets alone now stand at about 4,000 aircraft, double the level of 1975. Despite the recession, this figure is expected to continue to grow, and may reach as many as 10,000 aircraft by *1985, and 22,000 by the turn of* the century.



The British Aerospace 19-passenger Jetstream 31 twin turbo-propeller aircraft, now in production at the group's Prestwick, Ayr, factory, is intended both for the business aircraft market and for the growing "commuter airline" market. British Aerospace also builds the highly successful twin-engined 8-seat BAe 125 Series of executive jet aircraft, of which sales now stand at over 530

One example of this trend towards gas-turbine types as opposed to piston-engined aircraft is seen in recent results published by Cessna for its Citation business jet. During June alone Cessna delivered 26 Citations, setting a new U.S. general aviation industry record, and bringing total Citation deliveries for the first nine months of Cessna's financial year to 138, against 97 for the comparable period of the previous year. Cessna expects to deliver its 1,000th Citation jet early next year.

In the U.S. the recent passage of President Reagan's Economic Recovery Programme should, acording to GAMA's president, *Mr Edward W. Stimpson, "pro*vide a further positive stimulus for the sale of business aircraft. "The programme's accelerated cost recovery system will be particularly helpful in the sale of new equipment and machinery, including aircraft," says Mr Simpson. The first seven months' figures, although lower overall than a year earlier, nevertheless indicate a continuing strong underlying base on which the manufacturers can build when the recession ends.

This trend for sales of business aircraft in particular to be concentrated at the more expensive end is reflected in the UK. Sales as a whole to companies within the UK have been poor so far this year, largely because of the depressed conditions in business and industry, coupled with high interest rates. In some cases sales have dropped back to the levels of the early 1970s, wiping out the gains made in the past few years. The trend is for business organisations buying aircraft to opt for the turbo-prop or jet cabin types, largely because of the greater convenience gained from flying a 6-8 seater but also because of the undoubted price advantage gained from using turbine fuel.

British Aerospace, the UK's only builder of executive jets with its BAe 125 in various versions, has so far had a reasonably good year, with sales of 21 BAe 125s to date, mostly to export markets, compared with total sales of 36 throughout the whole of 1980. The group anticipates sales of up to at least 30 of the aircraft for this year, including a substantial number in the very competitive North American market. While sales of many types of business aircraft have fallen off as a result of the recession, BA's experience appears to confirm that the market for medium-sized business jets remains good. Total sales of BAe 125s stand at 535 aircraft.

For its other major business aircraft, the Jetstream 31 twin-turbo-prop aircraft—for which the production go-ahead was given only in January this year—results have also been encouraging, with orders and options *to date from customers* in Europe and the U.S. for nine aircraft. In addition to its suitability for the commuter airline market, the Jetstream 31 is being offered as a passenger executive aircraft capable of carrying up to eight passengers over 1,150 miles, or up to 12 in an "executive shuttle" type of aircraft for inter-factory communications flights.

The marked difference in the prices of the various types of aviation fuel has clearly had, and is still having, a serious effect on the sales of different types of aircraft.

A U.S. company, Avco Lycoming, recently conducted a survey of the relative prices of Avgas against Avtur worldwide, which showed clearly that in most places Avgas was at least 50 per cent dearer than Avtur, while in some places it was more than double the price of Avtur. In the UK, prices of Avgas have been reported at over $4 a U.S. gallon, against $1.75 for Avtur. This has led some private light aircraft operators to contemplate using Mogas (motor spirit) in their aircraft, but owners are being strongly advised not to do this unless their engines have been modified correctly for Mogas. Use of Mogas in unmodified engines can lead to engine failures in flight.

The high price of Avgas in the UK is also due in substantial *measure to* the high tax imposed on it. Avgas pays duty of 62.8p per gallon, compared with 3.5p for Avtur, with the result that many users of piston-engined aircraft in the UK — both business aircraft users and private owners—are penalised. This has led to a major campaign by the UK General Aviation Manufacturers' and Traders' Association (GAMTA), representing all elements of the UK general aviation community, to seek a reduction in the Avgas duty.

GAMTA has made it plain to the Treasury that general aviation in the UK is not a leisure activity. Leisure and sporting flying constitute well below 10 per cent of all UK general aviation operations.

GAMTA has told the Treasury that because of the high cost of Avgas the value of piston-engined aircraft used by companies has in many cases dropped by as much as 50 per cent. "This serious erosion of capital assets has been one of the factors which has led to at least six companies going out of business within the past 12 months. In general terms there has been a 30 per cent loss of business."

Where commercial schools are concerned the average annual intake of students for training on piston-engined aircraft has been about 250, bringing in foreign currency earnings of over £6m. As a result of the costs of training in this country there have so far this year been only 35 overseas students for commercial pilot training.

For club flying training and private pilots' licence training "the seriousness of the situation is best demonstrated by the fact that on figures from the Civil Aviation Authority in London, the flying schools in the U.S. anticipate training many hundreds of British students over the next 12 months. This is entirely new business brought about solely by the cost of flying training in this country."

CONTENTS

EUROPEAN BUSINESS AVIATION II

The flexible way to fly

Air taxis

LYNTON McLAIN

THE ADVANTAGES of owning a light aircraft for business use are considerable, but British companies which do not want the cost or the work involved in aircraft ownership can still have access to the benefits of a private aircraft if they use the facilities of air taxi operators.

Air taxis are big business in Britain, with over 40 companies carrying 500,000 passengers a year on business missions as well as about 4m kilogrammes of urgent air freight.

This large group of passengers have been attracted to air taxi services largely because they offer an economic and convenient alternative to private ownership or aircraft and much greater flexibility than conventional air travel by scheduled airliner.

The 41 air taxi companies which are members of the Air Taxi Operators Association meet these needs with a total fleet of over 250 business aircraft. These range from the four-seat, twin-engine Piper Apache to the 530 miles an hour Dassault Falcon 20 twin-jet, 12-seat aircraft, or the British Aerospace 125/700 series twin-jet capable of 520 miles an hour with 10 passengers.

Larger aircraft are also available, but for the purposes of meeting the requirements of business travellers for flexibility, competitive charges, privacy, and instant accessibility, the wide range of smaller aircraft more than meet most business needs. Members of the association are required to operate only multi-engined aircraft for public transport air taxi flights.

All these aircraft are operated at standards of safety and service that at least match those currently required for the operation of conventional, scheduled airliners.

The full members of the Air Taxi Operators Association all hold aircraft operators' licences approved by the UK Civil Aviation Authority. The pilots of air taxis are required to hold a commercial pilot's licence or, where applicable, an airline transport pilot's licence, including an instrument rating, medical certificate, radio telephone licence and a type rating applicable to the aircraft types to be operated.

These aspects of the code of practice laid down by the association for the member air taxi operating companies provide a sound basis for the highly flexible and convenient services offered for business executives in a hurry.

This quick reaction time is one of the most favoured advantages of the air taxi service. However, it is just as important for executives, whose base or location is away from the industrial and commercial centres of British industry, to have the availability of the network of 200 small airfields and airports scattered around the British Isles. These airports and airfields are so placed that almost every major town and city in Britain has an airport suitable for use by air taxi operators approximately 20 miles away.

A similar pattern of airfields and small airports suitable for light business aircraft, including the business jets, is also available in continental Europe.

These small airports are well suited to the needs of the light aircraft operated by air taxi companies. Most of the aircraft do not require the advanced ground handling equipment required by larger, civil airliners. This adds to the simplicity of flight and ground operations and contributes relatively little to the already small scale of overheads of the air taxi companies.

The use of small airfields and airports, however, does not isolate the customers of air taxis from the main trunk routes of the scheduled airlines. The Air Taxi Operators Association has agreements with British Airways for the air taxi companies to provide services which are linked with scheduled airline flights, operating from main airports. Car and hotel reservations can also be made by air taxi companies on behalf of their clients.

Non-routine services are also offered by air taxi operators. These include the provision of air ambulances, aerial photography and surveys, aircraft maintenance for businesses that have their own private aircraft, sales and finance services.

The Association is itself also prepared to offer help for potential passengers of air taxi companies. A telephone call to the Air Taxi Operators Association at its address in Haslemere, Surrey, is all that is needed for a customer to be put in touch with a number of air taxi companies.

Once in touch with the air taxi company, the most immediate question likely to be posed by a potential customer is "when can you fly?" The question of airport location will probably have been settled with the call to the association.

Cost is obviously important, but the often urgent nature of the business flight may justify the use of a private air taxi almost regardless of expense.

Nevertheless, potential customers of air taxi companies will want to attempt to find out and justify the cost of the air taxi flight in the same way they would evaluate the cost and benefit of a commercial, scheduled airline business trip.

The cost of scheduled airline flights does not vary very much for a given class of seat from one airline to another. Air taxi rates, however, do vary considerably. This is largely because of the wide range of light and jet aircraft available for the business executive.

Fuel costs and airport charges also vary, but apart from these the cost of chartering an air taxi for passenger transport or for the carriage of freight, is determined mainly by the flying time. Other costs that will almost certainly be included are those for airport landing and handling fees, overnight stop expenses for the pilot and crew and for the aircraft itself. Value added tax is also payable on certain aircraft on domestic UK flights.

Typical charter rates for one flying hour, current at May 1981, range from £735 to £1,050 for an eight-seat to 12-seat executive jet with a speed of between 460 miles an hour to 530 miles an hour, to the £120 to £125 for a three-seat to five-seat twin piston engine light aircraft, with a top speed of between 160 miles an hour to 190 miles an hour.

In between these extremes, the business flyer can charter aircraft ranging from an 18-seat to 20-seat turbo-prop executive aircraft, with a top speed of 240 miles an hour for £450 to £385 to a six-seat to 11-seat piston-engined aircraft with a top speed of between 195 miles an hour to 210 miles an hour for £190 to £270.

Helicopters can also be chartered in an air taxi role at a cost varying from between £650-£750 for a nine-seat to 12-seat craft with a top speed of between 150 miles an hour and 175 miles an hour, to £210-£320 for a four-seat to six-seat helicopter flying at 115 miles an hour to 130 miles an hour.

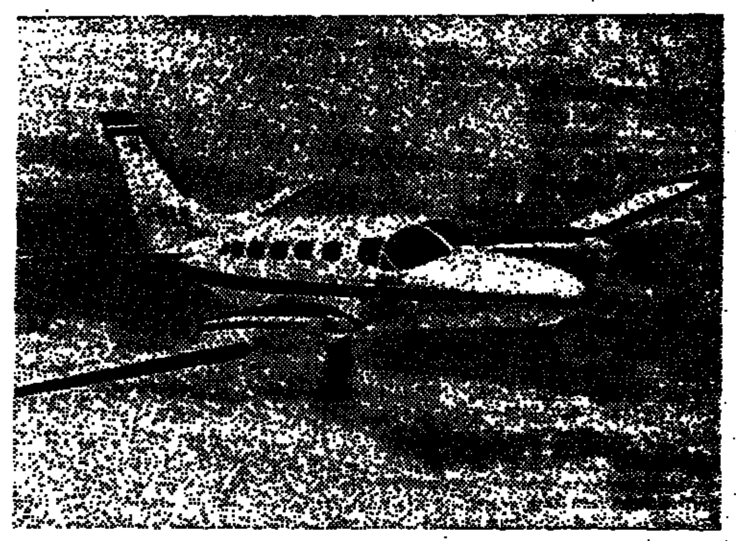
These costs cover the flying time for one hour of the aircraft or helicopter in question. The task of the potential business executive passenger is to determine the passenger cost per seat mile. Clearly, the more passengers he takes on his flight, the lower the unit cost.

The passenger cost per seat mile then has to be set against the comparable cost of a scheduled airline air ticket. However, the scheduled air ticket will almost certainly have unavoidable additional costs which must be included.

These extra incidental costs can include overnight hotel accommodation made necessary with some scheduled flights because of the difficulty of getting a return flight; the delays common with some airline flights; the cost of travel to and from the (often distant) major airports and the unquantifiable extra cost of the relative inconvenience of a scheduled flight compared with the ease and convenience of an air taxi.

Air taxis also have the added bonus of conferring prestige on their customers. This is particularly so if the business traveller arrives in an executive jet, such as the Citation 2 Falcon 20F, HS 125/700 or the Learjet.

The Air Taxi Operators Association is at Hamilton House, 39, Kings Road, Haslemere, Surrey GU27 2QA. Telephone: Haslemere (0428) 4804. Telex 858765.



The Cessna Conquest 4-10 passenger twin turbo-propeller executive aircraft, recently introduced into the fleet of McAlpine Aviation. Customer reactions to this aircraft have exceeded expectations

A tool that can earn its keep

Ownership

MICHAEL DONNE

DETERMINING WHETHER to buy an aircraft for corporate executive use is not an easy decision, and it is one that requires careful thought by finance and commercial directors.

The best reason for not buying a business aircraft is simply that the chairman wants one; the "chairman's toy" image in the past has done business aviation much damage, and should be rapidly discarded in favour of a more serious approach to the acquisition of what is, after all, a valuable asset on the company's inventory.

Indeed, that is more the way to consider it: as an expensive executive tool that, properly used, can more than earn its keep over the years. Companies that spend weeks, if not months, considering whether to buy a new machine tool costing, perhaps, between £100,000 and £500,000 or even more, should take just the same amount of care in deciding to buy a business aeroplane, and in selecting the correct aircraft for the tasks in mind.

The basic question to be answered is: how will such an aircraft be used? If it is there solely as a prestige symbol, or as a means of wafting chairman and directors around, it will be of far less use than if it is made available to everyone in the company who has a legitimate reason for using it—even the works foreman who wants to take a team of engineers somewhere to check over a plant that has been installed, or to shift urgently needed spare parts.

A careful analysis of a company's travelling expenses — air fares, hotel bills, car allowances and so on — can give a good insight into the types of movements that a company's personnel make throughout a year, and from this it can readily be seen just who does travel extensively, especially overseas, and how much is spent.

From this, it is possible to work out a pattern of operations for a business aircraft that would make the maximum use of the aircraft for given tasks—such as liaison between widely dispersed factories or offices, or betweeen head offices and customers. From a careful analysis of different executive aircraft costs—which are readily obtainable from manufacturers or brokers or agents — it is possible to work out just how much financial benefit, as well as the savings in time, would accrue from using a company-owned aircraft, as opposed to spending thousands of pounds on air fares and other travelling expenses.

It is an accepted fact, too, that executives who have the use of a company aircraft tend to be happier in their work — they spend less time away from home, and are spared the appalling—and worsening—confusion that characterises much of today's scheduled air and road transport systems. They also become less tired, and tend to be healthier.

In terms of money, the cost of running a business aircraft can frequently come very close to road transport costs on a passenger-mile basis.

This depends very much upon the type of aircraft used—whether it is a pure jet or a turbo-propeller aircraft, or a piston-engined type, and whether it is a cabin aircraft, and what its size, and range-payload capabilities may be. It can be seen that the complexities involved in selecting just one aeroplane from the many on offer, to meet a specific company's requirements, calls for a detailed economic and technical evaluation that can only be provided by experts.

Having decided to buy an aircraft, and settled the type desired, the next question is how to operate it. This involves such questions as: does the owner provide his own pilot and other crew, such as cabin staff; and does he provide his own airfield, hangar and maintenance facilities, with the subsidiary question as to where these shall be placed so as to be convenient for the company's activities overall.

For large companies with extensive operations, the provision of pilots and other staff on the company's payroll is probably the best method. But for smaller companies, it is frequently more beneficial to hive off the entire task on to one of the specialist aviation companies who run executive aircraft for a wide variety of owners. Organisations such as McAlpine Aviation and Field Aviation, for example, are skilled in the provision of such services.

A company can buy an aircraft, and leave it entirely to such an organisation to manage and maintain, with the guarantee that the aircraft will be available for the owner whenever he wants to use it. If the specific aircraft involved is undergoing maintenance checks at the time it is needed, these specialist organisations will usually guarantee to provide another aircraft of the same type to meet the client's needs. Very often, too, where an owner knows that he does not need his aircraft on a specific day, it can be sub-chartered out to another user, thereby helping to improve utilisation and defray costs.

It is also possible to arrange contract hire for many types of aircraft for specific periods of time, again with guarantees that the aircraft will be available when required.

At the other end of the scale to employing pilots and other crews, or specialist organisations, there is always the concept of the owner-pilot—where the executive or company concerned buys a small, light aircraft, with the executive flying it himself.

Thus, there are many ways of selecting, and operating, an aircraft for business use. What may be suitable for one company may not necessarily suit another. The only two pieces of advice that can be safely given to any prospective business aircraft owner/operator are: take time over the decision in the first place, and wherever possible seek the advice of the experts—of whom there are many listed in the advertisement columns of professional aviation journals.

One of the best things to do is to either visit oneself, or despatch an executive to, the current Business and Light Aviation Show, from September 3 to 5, at Cranford, Bedfordshire.

Presented by the aviation journals, Flight International and Aviation Magazine International, in association with the General Aviation Manufacturers' and Traders' Association, this event will bring together not only many different types of aircraft for display, but also many hundreds of specialist manufacturers, dealers and users, with seminars on buying and flying business aircraft, and related questions, such as the supply of fuel.

Further details are obtainable from Flight International, or IPC Exhibitions, Surrey House, 1 Throwley Way, Sutton, Surrey (01-643 8040, extension 4868).

EUROPEAN BUSINESS AVIATION III

Huge variety to suit all requirements and pockets

PROBABLY THE most bewildering factor in choosing a business or personal light aircraft is the astonishing variety available. There are more than 160 different types of aircraft, including fixed-wing and helicopters, available from more than 30 separate manufacturers. The choice ranges from small, single-engined light two-seaters costing little more than $21,000 up to the big twin-engined executive jets such as the *British Aerospace BAe 125* Series 700 at £2.75m or the Canadair Challenger costing close to $8m.

Within this range, there is literally something to suit every requirement and almost every company's budget. Finding one's way through this *plethora of aeroplanes* is almost impossible without expert professional guidance, and this is where the specialist aircraft brokers and dealers can be helpful, in assessing a company's needs and advising on suitable types of aircraft.

While it is true that many of these dealers hold franchises on specific manufacturers' aircraft, there are a number who are totally independent, and can and do offer advice on any type of aircraft. *Would-be* buyers and fliers of company or even personal aircraft are well advised to shop around and talk to more than one dealer or agent before making a choice. The manufacturers themselves are always more than willing to help would-be purchasers with detailed information.

Of the 30-plus manufacturers world-wide of business and light aircraft (excluding the larger "*commuter-liner" builders who* specialise in aircraft seating 19-20 or more passengers a time, and who are really in a different market), the three biggest are the U.S. giants, Beech, Cessna and Piper.

Figures published by the U.S. General Aviation Manufacturers Association show that in the first seven months of this year, these three manufacturers between them accounted for deliveries of 5,114 aircraft, of which Cessna accounted for 2,711 Piper for 1,623 and Beech for 780.

The GAMA has been running for some time a major national "Learn to Fly" programme for both business and private aviators, in which the dual theme has been that flight training *is the gateway to a career in* aviation by itself, but also can lead to a more rewarding business career. "You don't have to fly for a living, but learning to fly can certainly help you to live better," says Mr Edward W. Stimpson, president of the GAMA.

Mr Stimpson and his association believe that "given such key factors as airline service cutbacks, industry's dispersal to small-town America, and the urgent need to make every fuel dollar count, general aviation is poised for a substantially larger role in the nation's *air transport system*."

Although in Western Europe and the UK the development of a similar situation has been much slower, and is currently held back by the impact of the recession, it is thought that through the 1980s, a comparable development of business aviation use is likely to occur.

Of the three major U.S. manufacturers, the Beechcraft range of cabin monoplanes extends from the small, two-seat single-engined Skipper, costing $23,950 basic ex-factory (an ideal personal light aeroplane), through the popular single-engined Bonanza series of four to six seaters costing between $105,000 and $125,750, and the larger four to six-seat twin-engined baron series costing between $162,000 and $307,750. Perhaps the most popular of the 20-strong range of Beechcraft models is the twin-turbo-prop King Air, available in various versions seating between six and 15 passengers, costing between $806,500 and about $1.18m. The King Air is widely used as a business aircraft by companies because of its comfort and its exceptionally good range of up to 3,000 km.

The Super King Air 200, seating between eight and 15 passengers, at the top of the Beechcraft range, is *the flagship* of the fleet, with a cruising speed of 278 knots, and a range of nearly 3,500 km. Cost is about $1.5m. The prices quoted were those prevailing this summer, and are basic, ex-factory, but equipment and instrument options will increase *these rates*, and import duties must also be added. Thus, the costs quoted can only be regarded as a guide.

Cessna is the world's biggest single manufacturer of light private and general aviation

Types and costs

MICHAEL DONNE

aircraft, with more than 30 models in its range. These extend from the Model 152 two-seat *cabin monoplane, priced at* $24,200, through a series of single-engined cabin aircraft, and twin-engined piston and turbo-propellor aircraft, to the *twin-engined Citation* series of 10-15 seat executive jets. Prices range up to nearly $4m for the Citation III business jet. But for a representative six-seat, twin-engined, pressurised Model 340A, the price is about $280,000 basic, ex-works, while a larger twin-turbo-prop five-11 *seat Conquest the price is over* $1.2m.

Similarly, the range of the third of the major U.S. business aircraft manufacturers, Piper Aircraft Corporation, is also extensive. It includes both light single-engined models, such as the two-seat Super Cub at about $31,400, through to twin-engined types such as the seven-seat Seneca III costing about $186,000, with the larger twin-engined six-11 seat Cheyenne III costing about $1.2m.

As an alternative to fixed-wing aircraft, executives interested in their own aircraft may choose to use helicopters.

World-wide sales of civil helicopters by the U.S. manufacturers, including Bell, Boeing Vertol, Enstrom, Hughes, Kaman, Robinson, Sikorsky, Spitfire and Texas Helicopters, amounted to 1,366 aircraft, worth $656m during 1980, substantially higher than the previous year's figure of 1,019 aircraft, worth $403m, according to the Aerospace Industries Association. Many of these helicopters were for aerial agriculture, survey, traffic surveillance and other duties, as well as for commercial corporate use. The figure is expected to go much *higher* during the 1980s.

The big advantage of a rotary-winged craft against a fixed-wing aeroplane is its versatility. Requiring no runways, it can land and take-off almost anywhere, from rough fields of small size to suitable factory roofs. Provided the owners of the land have given permision (and in built-up areas the local authorities have been informed), a helicopter can land anywhere. *This makes it an* ideal vehicle for inter-factory commuting, saving considerable time and cost over surface systems or even fixed-wing transports which are tied to airfields.

The cost of helicopter operations is also much less than *many might* believe. As with fixed-wing aircraft, these are determined according to basic investment costs, fixed costs per year, and direct operating costs per year.

The accompanying table shows the costs of a small, light, two-seat single-engined craft, the California-built Robinson R-22, the smallest available on the UK register. With a maximum speed of 118 mph, a range of 240 miles and a fuel consump*tion of only* 6.4 gallons an hour, the R-22 is one of the most economical helicopters available.

Costs for helicopters, as with fixed-wing aircraft, vary according to size and type. The British Helicopter Advisory Board, set up several years ago to help promote interest in, and the use of, helicopters in the UK, lists more than a score of available types in its annual handbook, from the R-22 and the Enstrom Shark up to the big 44-seat, twin-engined, twin-rotor Boeing 234 long-range craft now used by *British Airways Helicopters* for North Sea oil and gas support operations. Within this total, there is bound to be something to suit any would-be helicopter operator's requirements.

The BHAB, based at Redhill in Surrey, is always ready to advise potential helicopter buyers and fliers on the way to start using helicopters. Its annual handbook lists a large number of convenient heliports and helistops in major cities and also offers some significant statistics about helicopter safety.

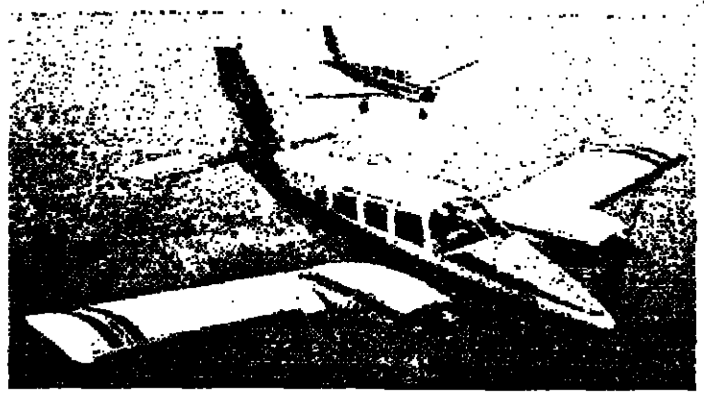
Despite the recent accidents in the North Sea, helicopters are much safer than many people may realise. The accident rate is about one in every 200,000 flying hours for twin-engined aircraft, and the helicopter's ability to auto-rotate (that is, for its rotor to "windmill" even when the engine stops) gene*rally allows the aircraft to* descend safely.

The BHAB Handbook also lists a large number of commercial helicopter operators who are able to provide helicopters for hire on an ad hoc or a contract basis, while many of them are also in business to sell helicopters to interested customers.

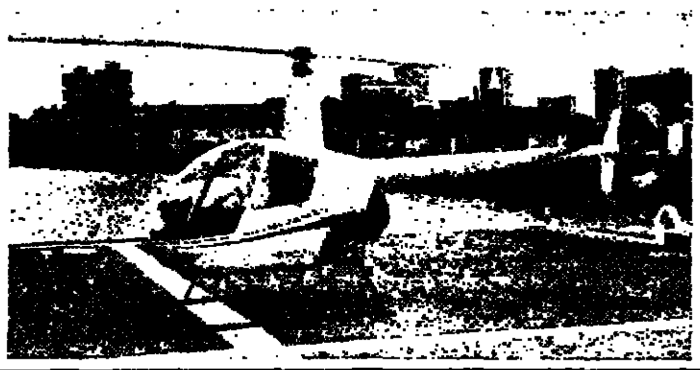
In broad terms, the operating costs of any aircraft, either fixed-wing or rotary-wing, are calculated on both the investment expenses of the aircraft, and the other fixed and variable *(direct operating)* expenses. The investment expense is the figure derived from the cost of buying the aircraft, less any tax benefits that may accrue, spread over the assumed years of ownership and the number of hours flown per year. The annual fixed expenses include hangarage charges, crew salaries and insurances, while the direct operating costs include fuel, oil, inspection and contingencies that may arise.

Some representative examples of how such expenses can work out are given in the accompanying tables. These figures are not absolute, and are subject to variables such as tax savings (which can vary according to where the owner-company is situated), and its depreciation policies. But they do give a broad guide as to how to calculate operating expenses, and tend to show that flying a busi*ness aircraft can be much* cheaper in terms of cost per passenger-mile than many might imagine.

What the figures do not *measure in monetary terms is* the greater comfort, convenience and saving of executives' time that can be achieved by companies buying and flying their own aircraft—often a most difficult item to quantify precisely. If those items are also taken into account, the financial benefits appear to be overwhelming.



Two of the wide range of Piper aircraft available—the twin piston-engined Seneca in the foreground, and the single piston-engined Warrior behind. Below: the U.S. Robinson R-22 two-seat light helicopter, seen at the Westland Heliport at Battersea, London



RUNNING COSTS FOR ROBINSON R-22 HELICOPTER

	$
Approximate initial cost (includes typical options)	62,000
FIXED COSTS:	
Depreciation (seven years with 30 per cent residual value)	6,200
Liability insurance	1,200
Hull insurance (approximately 8 per cent of average value: varies with use)	3,200
FIXED COST PER YEAR	10,600
DIRECT COST PER HOUR:	
Fuel at $1.60 per gallon (80/87) and 7.7 gph)	12.32
Oil	0.33
Reserve for inspections and unscheduled maintenance	2.50
Reserve for engine overhaul ($4,000 at 2,000 hrs.)	2.00
Reserve for aircraft overhaul ($5,000 at 2,000 hrs.)	2.50
Reserve for life limited components	2.50
DIRECT COST PER HOUR	22.15
TOTAL OPERATING COST BASED ON 600 HOURS PER YEAR:	
Fixed cost per flight hour	17.67
Direct cost per flight hour	22.15
TOTAL OPERATING COST PER HOUR	39.82

TOTAL COST PER ROAD MILE: Assuming one air mile (straight line path) equals 1.5 road miles and an average cruise speed of 105 mph.

$39.82÷105÷1.5=25.3c/road mile

(This total operating cost per mile compares favourably with many cars).

Source: *Robinson Helicopters (U.S.)*.

AN EXAMPLE OF AIRCRAFT COSTS*

(Piper (U.S.) six-seat Aerostar 602P (twin-engined)
Assumed hours per year: 500
Assumed years of ownership: 7
100 per cent business usage

	$
ESTIMATED INVESTMENT EXPENSE:	
Assumed purchase price	383,320
Estimated resale value	229,992
Expense of asset (net investment expense)	153,328
Net investment per year	21,904
(1) Net investment per hour	43.81
ANNUAL FIXED EXPENSES:	
Hangar rental ($178 a month)	2,136
Insurances (hull and liability)	5,874
Total annual fixed expense	8,010
(2) Total per hour	16.02
Total (1) plus (2)	59.83
(3) OPERATING EXPENSES:	
Oil (per hour)	1.66
Fuel (29.6 gph) at $1.75 an hour	51.80
Inspection and maintenance	19.78
Engine exchanges and *other items*	23.09
Total (3)	96.33
Total expenses per hour (1) plus (2) plus (3)	156.16
Total expense per passenger per hour	26.02
Travel expense per passenger per nautical mile at 209 knots	0.125

Source: Piper Aircraft Corporation.

Time for a change of climate

THERE ARE about 400 airfields of various types throughout the UK which can be used for business and general aviation. These include the 175 airfields that are either of the status of major airports used by commercial aviation or municipally-owned airfields of smaller size. The other 225 are smaller airfields or strips, again either local authority or privately owned.

In general terms, therefore, business and general aviation is reasonably well served with landing grounds, although the infrastructure facilities available (such as customs, immigration and refuelling) vary widely, and in some cases, such as on airstrips, can be non-existent.

Where there are difficulties, however, is in London and the South-East, already the focal point for much of the country's commercial scheduled aviation, and where pressures on airfields are already great. These stem either from the existing and expanding use that is being made of them, or from the fact that many of them have become lapped round by built-up areas, creating environmental and other objections to their expansion or even to their increased use.

Fighting the battle of the business aviator in London and the South-East is now one of the major tasks of the Business Aircraft Users' Association and other organisations involved in the business and general aviation community.

The British Airports Authority believes that the time is now ripe for a major new study by the Government of the whole question of business and general aviation, and its importance to the UK economy. Such a study, in the BAA's view, should identify the most suitable locations and the necessary changes in controlled airspace that would permit operations to expand in a manner that did not interfere with commercial scheduled airline traffic.

Although business aviators would like to have unlimited use of the big airports such as Heathrow and Gatwick, the British Airports Authority's view is that the use of these must be allocated primarily to the scheduled airline passenger. Already Heathrow is approaching the saturation point of about 30m passengers a year. This will be alleviated when the fourth passenger terminal is completed, giving capacity for a further 8m passengers a year, but there are already pressures from major airlines such as British Airways to construct a fifth passenger terminal.

Already, business aircraft are only allowed to use Heathrow on a "prior permission" basis. At present, this is not necessary at Gatwick, where business aviation movements have expanded substantially in recent years, but it may become necessary in the future.

Gatwick already handles 10m passengers a year on one runway, and is capable of coping with up to 16m passengers a year. If the Government gives permission for a second major passenger terminal there, to lift the capacity of the airport to 25m a year, there may be scope for continued use of Gatwick by business aviation for some years ahead.

The British Airports Authority, however, is anxious to channel as many business aircraft movements as it can into Stansted, north of London in Essex, where at present the volume of overall air transport activity is low, and where landing fees and other charges are also low. Stansted, in fact, is an ideal airfield for foreign business jets and other aircraft, flying into and out of this country, whose passengers come into London.

It is also an excellent airfield for those home-based business aviators who live North of the Thames. It is not so good, however, for those who either live or who have business south of the Thames. The business flyer who lives at Guildford, for example, can hardly become enthusiastic about the benefits of business flying if he has to get to and from Stansted or Leavesden.

Thus, the real need is not just for one major business airfield for London, but for several—with Stansted and Leavesden north of the river, and perhaps two more sited somewhere south of the Thames. Efforts to find suitable sites in the south have not met with any success so far. Efforts to win the disused Ministry of Defence airfield at Wisley, near Guildford in Surrey, were defeated by the environmentalists, although it is fair to say that there were also objections from the British Airports Authority and the Civil Aviation Authority, neither of which was anxious to see a large number of aircraft movements so close to the Heathrow and Gatwick air traffic control patterns.

For the south-west of London, the possibility arises of making some use of Farnborough airfield, Hampshire, currently the home of the Royal Aircraft Establishment and of the biennial international air shows. The Government, in a recent study of the cost-effectiveness of its various research establishments, concluded that better use might be made of Farnborough (which has one of the best runways in the country, and plenty of open space surrounding the runway, more than enough in fact to provide a few acres for a business aircraft site).

The use of the airfield for business aviation was even suggested by the Government as a possible means of increasing Farnborough's utilisation. But while at least one business organisation has made an approach to the Government on the matter, only limited discussions on it have taken place.

In the meantime, plans for the use of West Malling, in Kent, a former RAF airfield, were recently discussed at a public inquiry. Both the General Aviation Manufacturers' and Traders Association and the Business Aircraft Users' Association put forward arguments that the airfield should be retained for general aviation use, supported by Kent County Council. A decision on this is likely around the end of this year, depending upon when the inspector completes and submits his report to the Secretary of State for the Environment.

For helicopters, the situation is somewhat easier in that they can land on private property provided the owner's prior permission has been obtained. Nevertheless, there is still an urgent need for a major new heliport in London, preferably close to the Thames. Plans have been discussed for a heliport in the original Docklands area to the east of Tower Bridge and the City of London, but these are still subject to the outcome of a public planning inquiry.

An experimental floating heliport is now functioning at Trigg Lane, in the City close to Southwark Bridge, under the auspices of the British Helicopter Advisory Board, but this has only limited facilities and the number of aircraft that can use it is restricted. In the meantime, the existing London Heliport, owned and run by Westland Aircraft, at Battersea, is becoming overloaded, and is also subject to restrictions on movements placed on it by the Greater London Council.

The environmental objections to business and light aviation are now probably the biggest single obstacle to the development of this kind of flying. Time and again, efforts by the various business organisations to break through these objections to win the greater use of airfields or heliports are totally frustrated, often by only a handful of objectors whose collective voice appears to be listened to more closely by politicians than those of business organisations.

While undeniably these environmentalists have a right to be heard, so, too, do the voices of businessmen who in many cases are promoting trade and industry and who are responsible for hundreds of millions of pounds of export trade. There is now a strong feeling in the business aviation community that the balance is being unfairly weighted against them in favour of the environmentalists, and many business aviators feel that it is time that the climate was changed, at least a little, in their favour.

They are not, after all, asking for a great deal: one major heliport in London, and one business airfield south of the river. Many of them feel it is not too much to ask, in return for the expansion of trade and industry that business aviation can bring to this country.

Airports for business flying

MICHAEL DONNE

International types

ALTHOUGH THE U.S. is the biggest producer of general aviation aircraft, including business jets and turbo-props, there are several other major manufacturing countries, notably the UK, France, Israel, Brazil and Japan.

In the UK, British Aerospace has for years been selling at home and overseas its BAe 125 twin-engine executive jet, which has now reached a total of 535 aircraft. So far this year, the BAe has sold 21 aircraft, mostly overseas and especially in the U.S., against a total of 36 for the whole of 1980, so that for this year as a whole the group will feel it is doing well in current conditions if it can achieve sales of 30 aircraft. Sales in the U.S. have kept up particularly well.

The BAe's other major offering in the business market is the Jetstream 31, a twin turbo-prop aircraft designed to carry up to 18 passengers. Aimed at both the commuter airline and executive aircraft markets, the Jetstream was put into production last January, and so far sales of nine aircraft have been achieved. British Aerospace says it is hoping to win at least 4 per cent of the anticipated world market for corporate and commuter aircraft, or about 160 or so of the market total of 4,000 aircraft by 1991.

With the Jetstream, BAe is offering basically two types of interior — the eight-seat VIP layout, and a 12-seat "Executive Shuttle"-type of configuration for use by companies who might require such an aircraft to fly middle management executives on inter-factory communications. The initial response from companies for this version of the aircraft is said to be most encouraging.

In Brazil, Embraer is also an expanding business aircraft manufacturer, and its Xingu twin turbo-prop engined eight-passenger aircraft is already finding favour world-wide. The aircraft is in service with the Brazilian Air Force, and the French Air Force is buying 35 for special transport duties.

In Canada, Canadair has made a major breakthrough into the business aircraft market with its Challenger twin-engine aircraft, of which the latest E version is capable of carrying up to 24 passengers, with a cabin large enough to provide such amenities as a private bedroom if required.

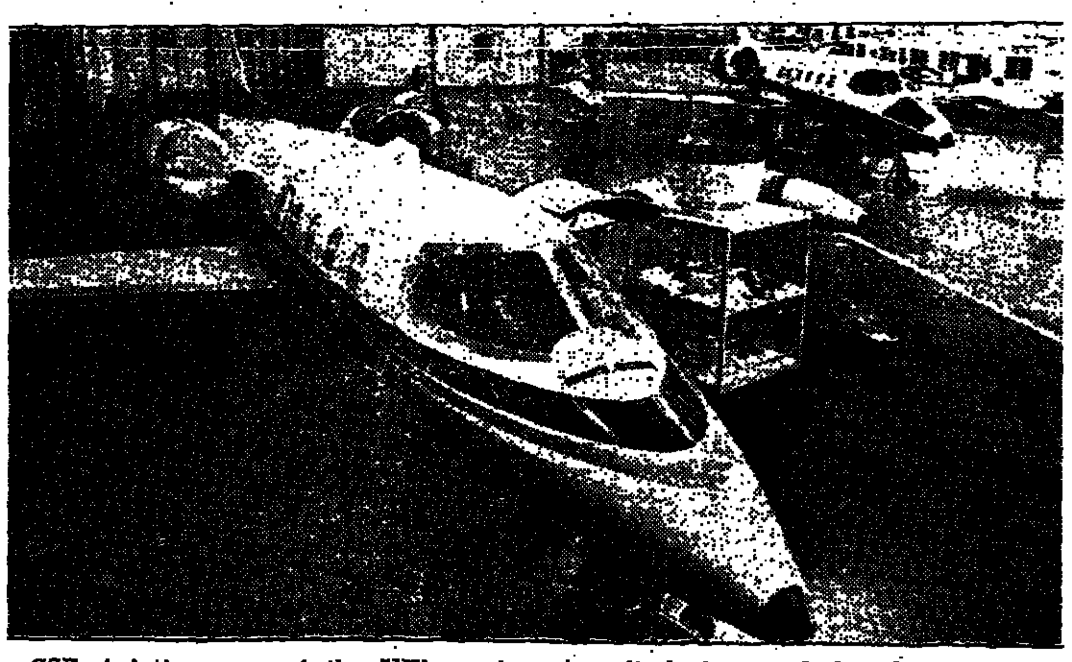
France is a major manufacturer of business aircraft, with a "stable" ranging from the Aerospatiale Ecureuil, Dauphin and Gazelle helicopters through to the Dassault Mystere-Falcon 10 and 20 series of twin-engined cabin executive jets, seating from seven up to 14 passengers, while there is also the larger, three-engined Falcon 50.

In Israel, the Israel Aircraft Industries group has for some time made a speciality of executive jets, through its Westwind series of twin-engine aircraft used widely in both military and civil roles. The latest version, the Westwind 2, has standard seating for a crew of two and ten passengers.

In Italy, several executive aircraft types are available, including the Partenavia/Aeritalia eight-passenger twin turbo-prop AP-68/8 and the Piaggio P-166-DL-3 twin-turbo prop, eight passenger aircraft.

In Japan, Mitsubishi Heavy Industries is building its Diamond I twin-jet business aircraft, designed for a standard layout of seven passengers.

Michael Donne



CSE Aviation, one of the UK's major aircraft dealers and distributors, has recently opened a new jet base at Stansted Airport, Essex, for aircraft maintenance, overhaul and handling purposes. The picture shows U.S.-built Gates Learjets in the big hangar

Ground services

ONE OF the most often used solutions to the day-to-day management problems of owning and operating a business aircraft which is dedicated to the needs of a particular company is to let an outside company take on the job.

In the same way that outside resources are used to service a company's car fleet, or just the chairman's Rolls-Royce, specialist companies exist to look after all aspects of a business aircraft.

Some companies, such as Thurston Aviation, part of the Eric Thurston Group, based at Stansted Airport, Essex, are involved with a potential customers' aviation interests to the extent of advising the company which aircraft to buy. This exercise could be a prelude to a long-term, all-embracing contract for operating and maintaining the aircraft.

These specialist aviation companies can supply pilots, cabin crew, if there are any, chose a suitable airport or regional airfield as the operating base, and undertake to do all maintenance and servicing of the aircraft, at the home base or elsewhere if the aircraft is based away for any length of time.

Most light business aircraft, apart from the executive business jets, require little in the way of ancilliary equipment, and most are self-contained and are fitted with self-starters, for the engines. A set of aircraft steps is all that may be needed, but again, most light aircraft now on the market, are fitted with integral steps.

All such work is carried out either by management companies, specialising in the business of taking over the responsibility for every aspect of executive aviation, by more specialised contractors, or by the company owning the aircraft.

The specialised contractor could be involved in the maintenance of the aircraft, its fueling, or major overhauls. Generally the more advanced aircraft, such as business executive jets like the British Aerospace 125, require more advanced handling and maintenance facilities. A number of companies—among them McAlpine Aviation—have grown to meet this need.

McAlpine Aviation looks after more than 25 British Aerospace 125 business jet aircraft. Other companies specialise in piston engined aircraft or those powered by turbo-props.

For the specialist maintenance company and the management company whose job it is to take over everything to do with the management and operation of business aircraft, the work is capital intensive and requires regular payments by clients.

Lynton McLain

THE ARTS

Television

A trade view from Edinburgh

by CHRIS DUNKLEY

In giving The MacTaggart Lecture at the Edinburgh International Television Festival (EITVF) last week Peter Jay—former economics editor of *The Times*, past presenter of *Weekend World*, lately ambassador to the U.S., and now head of the company bringing breakfast television to Britain — added *his not inconsiderable* weight to those of us pressing for a new concept of broadcasting rights in the light of new technology.

At the centre of his elegantly argued if *sometimes* wordy address was the claim: "Quite *simply* we are within less than two decades technologically of a world in which there will be no technical pretext for a government-appointed policeman to *allocate the airwaves at all*: and therefore there will be no technically based grounds for government or legislative interference in electronic publishing, except insofar as the general laws of blasphemy, libel, etcetera which apply to print publishing are also applied to electronic publishing."

That idea will hardly come as *a novelty to* regular readers of this column who have been subjected to *it* periodically for some years, most recently in May. But Jay went on to describe the sort of hardware which could eliminate the need for government control: a national fibre-optic grid serviced *by British Telecom allowing* viewers to dial in to an inde*finitely large* number of "connections" for which charges would be recorded and collected in a manner similar to that of the telephone system . . . not altogether a happy thought perhaps.

However, seen in the light of other events within the IETVF, any doubts about Jay's thesis tended to concern not technical feasibility nor the reactions of politicians or state authorities with obvious interests in the perpetuation of their own power, but the rôle and reac*tions of the programme makers* themselves.

My understanding of the EITVF (and I should declare my own involvement, if not wholehearted enthusiasm, as a member of the original advisory committee in 1976 and again this year) is that it was *intended* as a *function where* professional broadcasters from different countries would meet, watch one another's programmes—especially those not yet broadcast—and hold honest discussions with one another and perhaps with administrators about difficulties and *triumphs* and, *especially*, about programme styles and content.

It was, after all, John McGrath's celebrated 1976 lecture about the dominance of naturalism in television drama (a dominance notably avoided by James MacTaggart, producer of The Wednesday Play in the '60s, and *director of works such* as *Drums Along the Avon* and *Man Friday, hence* The MacTaggart Lecture) which started the whole thing off.

What has happened over the years is that the *international* element has gone by the board, programmes have played a smaller and *smaller* part in the proceedings and broadcasting *structures* and *politics* a *larger* and larger part, and the entire event was in danger of foundering in a sea of arcane jargon spewed out by a *host* of polytechnic theorists who were interested in Karl Marx first, semiology second, and programmes last.

This year with *the registration* fee whacked up to £50, the *Leftist* academic theoreticians were, gratifyingly, almost entirely absent. Unfortunately so were the Poles who, it had been hoped, would add an informative *international* dimension, and so were practically all members of the general public. Thus events took on that tone of internal familiarity amounting almost to incestuousness which doubtless also characterises con*ventions of dentists, archaeolo*gists and plastics engineers, but which is especially unfortunate in the case of television since, as a medium of mass communication, it is a business in which the public ought clearly to be a

In Edinburgh, in the mercifully smoke-free Edwardian *splendour of the Royal College* of Physicians and the un*healthily fume-filled* BBC hall just along the road, British broadcaster spoke unto British broadcaster with only occasional interjections from trade union officials (mostly notable for lumpish sulkiness), token blacks (*often incredulous at* what they saw as the effete preoccupations of broadcasters who couldn't see the wood for trees) and Howard Stringer who, although English, has spent his entire career in American television and is now executive producer in charge of documen*taries for CBS*.

Stringer endeared himself to me by confiding after one of the three "Fact Workshops"—there were also three on fiction —that while he admired the extraordinary degree of concern expressed by British broadcasters about their rôle in *society, and hopes they would* all stay this side of the Atlantic because if they went to the States any one of them would surely show him up and steal his job, he had had a repeated urge to stand up during the discussion and say "Look you guys it's only *television*."

The evidence of a 15-minute clip from Stringer's five-hour series *The Defence Of The United States* (which became a cause-célèbre in the U.S. earlier this year, *its frankness about* nuclear attack coinciding with yet another refusal by the BBC to *show The War Game*) suggests that he is being absurdly *modest. We shall know for sure* when BBC1 starts running the series on consecutive Thursdays starting a week tomorrow.

Given the deep and wide social *concern* among British broadcasters noted by Stringer, and *the potentially liberating* effect of modern television technology *described* by Jay, you might think, like the cast of Birmingham Rep's delightful revival of *Candide* in the main Edinburgh Festival, that all's for *the best in the best of all* possible worlds. But on close inspection *that seemingly* neat match turns out to be almost entirely illusory.

What Jay is actually talking about is extending to electronic communication the free enterprise system which exists in print; a system in which left wing loonies, feminist extremists and their ilk are forced to deal with the reality of the market*place*. The result, with the Morning Star heavily outsold by *the Daily Telegraph, and Spare* Rib not approaching a fraction *of the circulation of Woman's* Own, is, I suspect, not at all *what many concerned and com*mitted broadcasters really relish.

Not, of course, that most of them are left wing loonies or feminist extremists. Their major concern this year was to devise *some industry-wide* pressure group to resist the *perpetual encroachments* on freedom of speech which had been *identified so vividly* by lawyer Geoffrey Robertson last year. *He* repeated the favour this year with an address which was both the funniest and the most chilling of the week.

As he pointed out in his opening remarks that "since the last festival a new law of contempt has reached the statute books, the Broadcasting Complaints Commission has been made flesh, Granada has lost its appeal against British Steel in the House of Lords, Thames lost its film about Primados in the *Court of Appeal, the government* used a legal pretext to black out Lord Mountbatten's embarrassing memories of Suez, and the IBA invoked statutory powers to close the coffin lid on a dead hunger striker" it is per*haps not surprising that* broadcasters want to form a permanent protective lobby on the American pattern.

But for all their dislike of the present system of controls they have grown accustomed to its ability to protect and extend minority interests and now *some of their ideas of progress* make sense only in terms of Orwell's Newspeak. During the discussion about rioting and "Television In The Streets" we were told that there should be not only "positive discrimination" to get more black reporters and presenters on screen, but that black people needed their own programmes to express their particular views and sustain their particular cul*ture; a policy known elsewhere* as apartheid.

Jeremy Isaacs, a man who has proved during his years in BBC and ITV the value of a broadcasting executive with a heart as well as a mind, now seems to be allowing the former to dominate the latter. Not content with the age-old unorganised prejudice at work *favouring* one *sex has* is preparing, as the head of Channel 4, *quite deliberately to increase* the sum total of such discrimi*nation by organising current* affairs series which actually set out from the start to exclude one half of the human race from their presentation staff solely on grounds of sex.

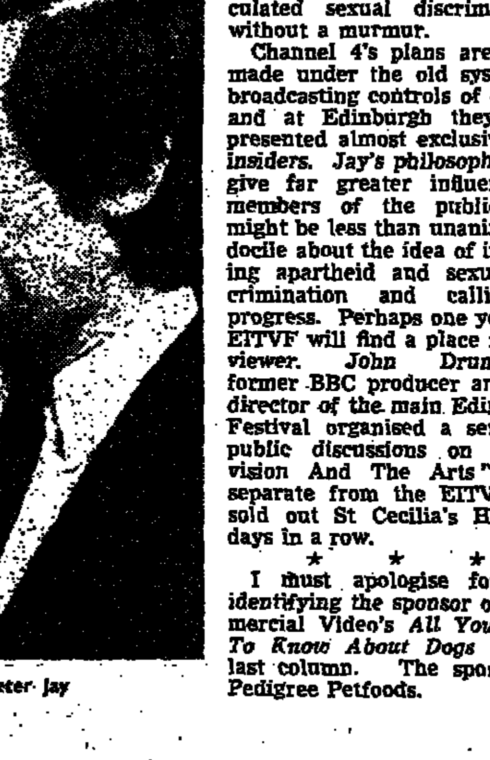
Like the Traverse Theatre's *wildly funny fringe production Trafford Tanzi* which tells the *story of a woman's life in the* form of an entirely authentic all-in wrestling match, Isaacs presented his proposed turning of the tables with the pride of one who knows, consciously or subconsciously, that the prejudice involved is so fashionable that nobody will dream of *questioning it. Sure enough the* EITVF heard his plan for calculated sexual discrimination without a murmur.

Channel 4's plans are being made under the old system of broadcasting controls of course, and at Edinburgh they were presented almost exclusively to *insiders. Jay's philosophy is to* give far greater influence to members of the public who might be less than unanimously docile about the idea of increasing apartheid and sexual discrimination and calling it progress. Perhaps one year the EITVF will find a place for the *viewer.* John *Drummond*, former BBC producer and now *director of the* main Edinburgh Festival organised a series of public discussions on "Television And The Arts" quite separate from the EITVF and sold out St Cecilia's Hall six days in a row.

* * *

I must apologise for mis*identifying the sponsor of Com*mercial Video's *All You Need To Know About Dogs* in my last column. The sponsor is Pedigree Petfoods.

Jeremy Isaacs



Peter Jay

Festival of Marlia

by WILLIAM WEAVER

The vast lawns, huge leafy trees, and carefully planned vistas of the Villa Reale of Marlia (a few miles from Lucca) make it the perfect setting for a *summer* festival; and a few years ago the Pecci-Blunt family, the *villa's owners, wisely* arranged a co-operation with the Lucca authorities and the Regional Government of Tuscany: the Festival Internazionale was born. Its artistic director, the scholar-conductor Herbert Handt, long a resident of the area, decided from the start *that the cultural events* of Marlia would not be random. Unlike too many of the other hastily run up programmes that now fill the *Italian* musical calendar, the Marlia festival focuses each year on a single theme, a character or a story that has inspired artists over centuries in different contexts and in the most varied genres.

Thus previous festivals here have explored the character of Hamlet (with a *revival of* Gasparini's rare opera *Ambleto*) and the story of Romeo and Juliet; and the current festival, which opened at the beginning of the month, is centred around the elusive hero, or anti-hero, Don Juan, Don Giovanni.

The festival opened with a *performance of the Tirso* play and will include, of course, performances of the Mozart masterpiece as well as the Gluck ballet; but the rarity, for most opera-goers, was the revival of Giuseppe Gazzaniga's *Don Giovanni*, which was given two performances last week-end. The opera, first given in Venice on February 5, 1787 (less than *nine months before the Prague* premiere of Mozart's masterpiece) has a witty libretto by Giovanni Bertati which obviously served as the basis for the still wittier libretto of Lorenzo Da Ponte. Mozart may or may not have known Gazzaniga's score (there is no hard evidence), which *for a time* rivaled his in popularity, until *—like Verdi's Otello and Puc*cini's *Bohème*—the greater work crushed the lesser.

But Gazzaniga's opera has abundant charm, a lilting pace, and many effective numbers. Long an exponent of the work, Handt conducted it with alert conviction, with feeling for its *own style (and without* trying to make it sound like Mozart). His *small* (some 20 players) orchestra assembled in Lucca played smoothly for him; and he had put together a strong, well-balanced cast. The tenor Ugo Benelli, in the title rôle, sang with sweetness of tone and sensitive phrasing, though his acting was a contradiction, often coarse and vacuous (he has a way of jumping up and clicking his heels which I have seen *him do in several other* operas, including La fille du régiment; he really should rid himself of this silly trick). His Leporello—or Pasquariello as Bertati calls him—was the expressive bass Enrico Fissore, who also indulged in repetitious, relentless mugging.

The women *fared better.* Cettina Cadelo doubled as *Donna Anna and Maturina (also* known as Zerlina); she was *excellent in both parts, musical* and pointed. And Eva Csapo was a *tall, elegant Elvira. The* smaller roles were also strongly cast (special mention to the baritone Maurizio Barbacini as Biago-Masetto).

The staging and the set were by Beppe Menegatti. The set was actually a U-shaped platform embracing the little orchestra and placed against the vine-covered wall of the ancient Bishop's Palace, under the trees. A beautiful and capacious playing area. But then Menegatti constructed in the centre of the platform a little, cramped stage (or the sort usually seen in *Pagliacci*) on which the singers were often confined at crucial dramatic moments. Visually *this was distracting, but even* more distracting—indeed, downright offensive — were Menegatti's vulgar gags, which forced Don Giovanni to grope the ladies *incessantly* and *indulge* in other ridiculous and obscene goings-on. Gazzaniga deserved better. Fortunately the costumes — all in beige and cream — were pretty, and the music saved the evening.

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Stratford setbacks

The Royal Shakespeare Company yesterday postponed the *first night* of its Shakespeare double bill *Titus Andronicus* and *The Two Gentlemen of Verona* which was planned for last night. It is now scheduled *for tomorrow*.

Apparently the plays were not presenting the coherent image that was envisaged and it is hoped that some intensive reworking will sort out the problems. The leading players, Sheila Hancock and Patrick Stewart, were yesterday involved in intensive rehearsals.

The double bill of a tragedy and a comedy is produced by *John Barton and is expected to* run in London after the Stratford season. It has been traditional to perform these two relatively short plays on the *same evening* but in this production there is the novelty of the actors remaining on the stage throughout and changing costumes in front of the audience.

A scene from Heaven's Gate

The day Heaven fell

NIGEL ANDREWS talks to Michael Cimino, director of Heaven's Gate, *one of Hollywood's most expensive* and controversial films.

"How are the mighty fallen!" echo the hills of Hollywood.

Having praised Michael Cimino's Oscar-winning *The Deer Hunter to the skies*, the American Press and public have done their best to sink his latest film, *Heaven's Gate*, to the bottom of the River Lethe. The $35m Western epic, which opens in London on September 10, has *become*, in a way that Cimino could never have intended, the *cause celebre of the Hollywood* year and quite possibly of the Hollywood decade.

The facts, at least among those who follow the fortunes of Filmdom, are well known. A vast panorama of American his*tory, the* film originally ran close to four hours. But after a hostile Press *reception in the* States, Cimino himself volunteered to withdraw, re-edit and shorten it after its opening late in 1980. Months later the film opened in its revised 2½-hour form (the version Britain is *seeing*) and *met* the same mixture of vibrant hostility from critics and almost *violent* indifference from the public.

Even now Britain is lucky to be seeing a version as long as 145 minutes. A yet shorter scissor-job is about to swamp the video-cassette markets, and United Artists, the film's backers, have already written the movie off *in toto* as a tax loss.

Faced with the majestic evidence of an admittedly challenging and dense-textured film, the extremity of the reactions is astonishing. To this critic *Heaven's Gate is a major movie*, and he suspects that American reviewers, zonked out by too-much-to-to-take-in, mistook it for too-little-to-take-in and punch-drunkenly passed up a master-

Myopic to the film itself, they set their sights on all the filmic marginalia: the cost, the production *history*, the film's length, the film's departures from historical fact, the director's alleged monomania.

"I've just come out of six *months* of re-editing the film." Cimino told me at the Cannes Film Festival in *May, when I* asked about the response, "and I really don't *know the answer*. It's not something I've sat down and thought about as yet—I'll have a better idea in two or three months.

"I've not even read the reviews properly yet, mostly *they've been filtered through to* me by others. But I think one explanation could be, perhaps, that people don't like what they think my movie is about, so they pretend not to *see* what it's about."

Heaven's Gate, spanning like a Colossus the story of a nation *formed by the coming together* of diverse tongues and cultures, *is about the birth of modern* America and the choices the country *faced at a vital*—perhaps, Cimino suggests, *the* vital period in her evolution.

The Johnson County War, on which Cimino has based his film's story, was a notorious real-life chapter in American history: a land-feud between the established cattle barons—the Stock Growers' Association —who controlled the open range and the influx of homesteaders sweeping into and across 1890s Wyoming.

In Cimino's huge canvas, a triptych which also takes in a Harvard prologue and an epilogue in Newport, Rhode Island, *this savage* little land-war and the choices it bodied forth—*between freedom and auto*cracy, growth and stasis, war and harmony—become an historic tickle-point in America's social and political growth.

"People have accused the film of distorting history," Cimino told me. "They say it *doesn't give an accurate presen*tation of the Johnson County War. But it's the movie-maker's option—and it's been the artist's option through the generations—to take what he wants from an historical event to create his own story his own myth, with the truths that come *out of that reinterpretation*.

"I wasn't writing a history-book, *I was trying to* dig back into the roots of America's present-day violence and conflict. At what point did these things take root in our country? For me, it was when an opposition grew up in America between class and class, when a small powerful body of men realised *they could achieve dominance* over the lives of a large number of poorer people for social or political gain.

"*The Johnson County War*, and the other land-wars of that time, are not far removed, I believe, from the Vietnam war in our own day. In *Heaven's Gate you* have the Stock Growers' leader coolly drawing-up his death-list of farmers. During Vietnam you had McNamara and the generals discussing acceptable kill ratios, and as a result of a decision they'd take over lunch, say, 40 or 50 thousand people are killed the next day.

"So in *Heaven's Gate*," *Cimino continues*, "*I was try*ing to reach back to a point in *history* where this process, this dissociation, this kind of violence began. But the trouble with Americans today, of my generation at least, is that they don't *want* to dig back into the past. There's a strong move in America *now*, for instance, away from psychoanalysis and into *pills and drugs — from the dif*ficult cure to the easy palliative. *I think* maybe my *film tries to* offer people truths they don't want to see or hear, connections between the past and their own time they don't want to make."

Reaching out in all directions for heavy brickbats, American journalists used Cimino's well-*known production* tribulations on *Heaven's Gate* as a kind of *giant metapho rfor the punish*ment of overweening ambition and directorial hubris. But the truth about the movie's making and its spiralling costs is far more complex and less portentous, and has to do with Cimino's search for the ideal realisation of his big Western *panorama*.

I wasn't interested in making a film that looked like just another Western," he says. "We could have taken a pre-existing Western set—there are many Western "towns" in America where movie-makers just set up shop and change a few store-*signs and then the cameras roll*. But I wanted my town to look *taller*, for one thing, with three- and four-storey buildings almost like a modern American city *in embryo*. And the closest landscapes we could find for what I wanted were in difficult locations—for instance, Glacier National Park, both east and west of the Great Divide.

"*Well*, if you want to *shoot* in a special location," continues Cimino," "you have to pay the price in your budget. *Heaven's Gate* started out at $11m and we ended up at *around* $35m. But none of that to my mind was wasteful. *For instance*, because we were shooting in a *National Park and the grass had* to be protected, we had to construct every building so that the floor was two or three feet off the ground. Then again we were on a long schedule on the film, through changing seasons, and several times storms blew down whole buildings and they *had to be rebuilt from scratch*.

"None of these difficulties could have been short-cut, as far as I'm concerned, without making *Heaven's Gate* a lesser film."

The film's astonishing photographic "look," crafted by Cimino and cameraman Vilmos Szigmond, proved just as controversial as the climbing production costs. American critics couldn't understands or forgive *Cimino for building* these huge expensive sets in remote expensive locations and then shooting them—as they saw it—through a near-impenetrable filter of dust and haze.

In fact Cimino creates in the film a logical and fascinating *emblematic strategy from* the visual principle of light-*diffusion*, the *motifs* of *mist* and smoke and steam and cloud.

"We tried to make settings and different lighting effects tell different stories," he says. "Light and dark, haze and clarity, sunlight and shadow—in the age before electricity, people *lived* by these changes *and gradations*, just as they lived by the changing seasons. There was no push-button 'daylight' as there is today.

"But I also wanted in the film to give a *dramatic* meaning to the lighting. There's a scene, *for instance, set in the saloon*-bar run by Jeff Bridges where *we tried to create the feel of* two different worlds—infernal and celestial, if you like. At one end of this long, sprawling building there's a cockfight in progress, and it's a noisy, violent chaos of dust and flying feathers and cigar-smoke. At the other end, the bar-counter *end where Kris Kristofferson is* standing alone, there is this quieter feeling and these long cool shafts of beautiful light."

Matching the contrast between heaven and hell being played out in the film's images, *Cimino also plays off two* different dramatic "structures" in the same movie. *Like The Deer Hunter, Heaven's Gate* is a triptych. Both films describe a three-part odyssey from Hope and Innocence through the Fire of Experience into Wisdom and/or Disillusionment. But like *the original Odyssey* there's also a sense of the cyclical, of *the story returning to its start*ing-point after a long journey.

"The three-part structure," Cimino says, "is one that I often like to use—I used it in *The Deer Hunter* and in *Heaven's Gate*—although I've *never really sat back and* rationalised 'why.'

"*I think* probably I find *the* 'three-act' structure the best way to tell a story. You build to a peak and then fall away again. The middle section is the strong one, the one that changes the characters.

"*The circle pattern—and the* 'circles within a circle' in the *film—were quite consciously* used as a motif. I wanted the idea of the same pattern being repeated through the film, at first full of hope in the waltzes and then winding down into something bad and violent with *the Indian-style battle at the* end. So really there are two 'shapes,' two narrative ideas in the film."

Picasso exhibition concession to unemployed

The Arts Council has introduced half price admission (£1) *to the exhibition Picasso's Picassos* at the Hayward Gallery for those registered as unemployed. The Picasso exhibition runs until October 11 but the concession *will apply to* all Hayward exhibitions until further notice.

Unemployed people will have to produce their Unemployment Benefit Registration Card (UB40) to be admitted for half the normal admission price of £2.

The Picasso exhibition, taking place in *his centenary year*, has been selected from the works which were in the artists's possession at the time of his death and have since entered the French *national* collections. It includes some 500 paintings, sculptures, collages, drawings and prints.

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Time to revive the Salt talks

COMMON SENSE, budgetary pressure and environmentalist resistance at last seem to be scaling down the U.S. Administration's plans for the basing of the new-generation MX inter-continental ballistic missile. But it is not yet clear that the Reagan team is showing sufficient sensitivity to the need to make the necessary connections between its rearmament programme and other facets of strategic policy, such as arms control, relations with the Russians, and relations with the European allies.

The original MX scheme, for shuttling 200 of the mobile missiles along a "race-track" linking 4,600 silos, always seemed an extravagant fantasy, and in some ways a dangerous fantasy. The object of this elaborate "shell game" was to give the new missile a degree of protection from the increasingly accurate Soviet ICBMs, to which some people fear America's existing Minuteman missiles are, or may become, vulnerable: periodically Soviet satellites would be able to verify that there were only 200 missiles, but then the silo covers would be closed, and Moscow would be unable to tell where the missiles were located.

Resistance

In the event, this scheme seems to have been defeated by its sheer magnitude. Quite apart from the cost, which could have worked out at almost any number above $50bn, local interests in Utah and Nevada have been putting up strenuous resistance to such a massive construction project. But it is more than doubtful whether it was necessary in military terms.

The rationale for the scheme was the so-called "window of opportunity"—the notion that America's ICBMs are or will be in theory vulnerable to a first strike by Moscow, leaving Washington with no choice between Armageddon and surrender. The trouble with the theory is that it is almost certainly practical nonsense: the risks to the Russians, if they tried to make a disarming strike and failed, or succeeded and killed 10m Americans in the process, or succeeded and pushed America to retaliate regardless, would be so enormous as to make the attempt virtual madness.

To the extent that the U.S. feels it may be vulnerable to the growing might of Soviet military power, to that extent the strategic balance becomes slightly more unstable, and to that extent it is right that the U.S. should modernise its missile force. But the implicit assumption of the race-track scheme was that the new missile would be deployed within the general framework of a strategic arms limitation agreement with the Soviet Union; that was the reason for making the numbers verifiable by Moscow.

Limbo

The trouble now is that the second SALT treaty remains in an unratified limbo. The Reagan Administration has not specified what alternative type of treaty it would prefer, and does not seem likely to be ready to state a position for several months. Meanwhile, it would appear that the Pentagon has been instructed by the White House to take defence policy decisions without regard for arms control considerations.

The danger is that an American rearmament programme, unconstrained by any arms control considerations, could make the Russians feel more vulnerable, and thus introduce a further element of instability in the super-power relationship. It is one thing to seek to negotiate from a position of strength, quite another, in the world of nuclear deterrence, to seek a position of strength without a negotiation policy; and it is not in the interests of America or of the west generally to withhold strategic weapons talks as if this would influence Russian behaviour in Afghanistan, for example.

Stresses

Quite apart from anything else, the dissociation in Washington between the defence programme and arms control merely exacerbates the stresses within the Atlantic alliance. Americans may feel that European governments are being feeble in not standing up to the anti-nuclear movements on this side of the Atlantic. But the most useful thing the Americans can do to weaken the appeal of the anti-nuclear campaigners is to make it clear that for strategic and for theatre nuclear weapons, the U.S. has a genuine two-track policy—to maintain a strong defence *and* to negotiate a stable balance. The State Department claims that this *is* U.S. policy, and points out that U.S.-Soviet talks on theatre nuclear weapons will start later this month. But the absence even of an opening American position on strategic weapons undermines, for the Europeans, the credibility of what the State Department says. Actions talk louder than words.

Poultry: a false move by Britain

THE BRITISH Government's decision to change over from a vaccination to a slaughter policy for poultry, as a way of dealing with Newcastle disease (otherwise known as fowl pest), will undoubtedly please the British poultry industry as well as the veterinary profession. But it is difficult to avoid the impression that the change is motivated less by veterinary considerations than by a desire to keep out foreign and especially French imports, and that the appeasement of the British poultry lobby has been secured at the price of another debilitating quarrel with our Common Market partners.

To the innocent eye, even the veterinary argument looks slightly odd. Britain had a slaughter policy until 1974, when a "satisfactory" vaccine was developed, and since then the disease has ostensibly diminished to negligible proportions. Why then make the change? The answer seems to be, first, that a slaughter policy could make the difference between control and elimination and, second, that we do not really know how much fowl pest there really is: with vaccination, farmers may keep quiet about cases which they would report if there were compensation for slaughtering.

Defective

Even if the basic decision can be justified on hygiene grounds, and may be compatible with European Community principles, it would seem that the British Government has adopted a defective procedure, by not engaging in prior consultation and notification with the other member states. Following yesterday's meeting of the EEC standing veterinary committee, it would seem that Britain could well find itself brought up before the Community Court of Justice.

The timing of the British move, all official disclaimers to the contrary, makes clear that it is designed to keep out imports, especially of French turkeys. For some months the British poultry industry has been protesting against what it describes as unfairly subsidised turkey processing plants in France, and last month the agricultural workers' union threatened to blockade ports and picket shops through which the turkeys come. The French claim that the subsidies are perfectly legal under the development area schemes for Brittany, and that the British industry is inefficient.

Fear

Whatever the truth of this particular argument, it is difficult to maintain that imports from France have yet caused major disruption to the UK industry. Last year imports from all sources were only 4½ per cent of the British market, and were not much larger than British exports. There would seem to have been some increase this year—figures are not available—but the protectionist urge is evidently motivated primarily by the fear of imports in future, especially from the massive new Bourgoin plant in Morbihan which started up in May. This plant cannot have been responsible for all of the job losses in the UK turkey industry which have taken place in the last 18 months, especially since the British self-sufficiency ratio is 99 per cent. Perhaps some of the British producers are less efficient than they should be.

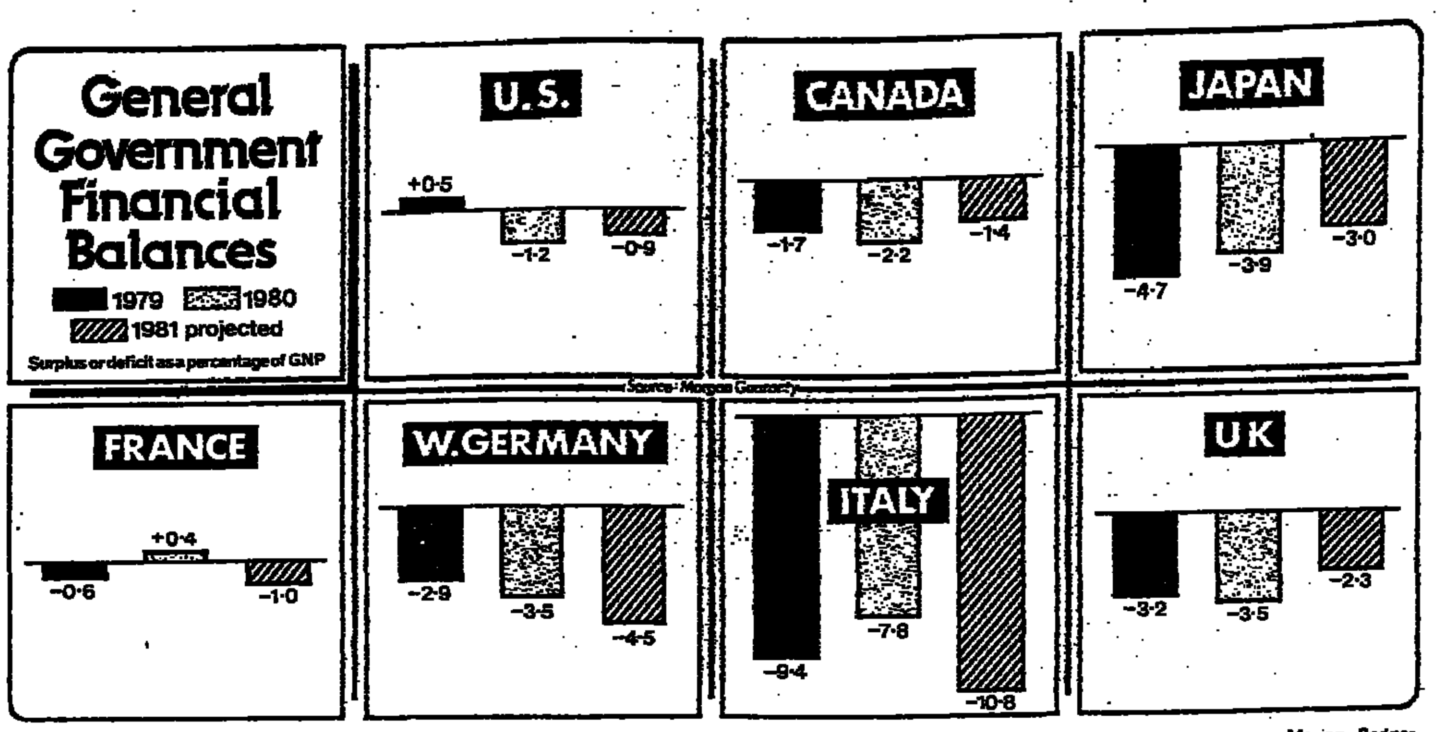
Productivity

In an industry like European agriculture, which is making rapid advances in productivity, and whose output is growing faster than the total market, protectionism is constantly liable to break out. The French did it over British lamb and are doing it over Italian wine. The British do it over long-life milk, and now over poultry, and dress it up as hygiene. It is yet another reason for reviewing the farm policy.

WESTERN FISCAL POLICIES

The budget pruners' dilemma

By David Marsh



Marion Sedger

CHANCELLOR HELMUT SCHMIDT of West Germany is only too wearily aware of the swings in financial fortunes that can force governments back to the budgetary drawing board.

Herr Schmidt, veteran of seven western economic summits since 1974, returned from the latest gathering in Ottawa in July to prod his government into deciding spending cuts worth 1 per cent of gross national product for next year—on which final agreement is expected tomorrow. This exactly reverses the budget stimulus the Germans were cajoled into agreeing after the Bonn summit of 1978.

Underlining the fashion for fiscal rectitude sweeping through western finance ministries, the seven summit participants (the others were the U.S., Japan, France, Britain Canada and Italy) solemnly pledged in their closing communique: "We need urgently in most countries to reduce public borrowing."

But the reality is, as always, much more complicated than the rhetoric. Bedevilled by the political and economic difficulties of cutting spending and raising taxes in a recession, would-be deficit-dismantlers, particularly in Europe and the U.S., are finding that their plans are far easier to proclaim than to put into effect.

Since July Herr Schmidt, his hand forced by a gaping hole in government finances and the worst-ever slide of the D-Mark, has been the only government leader to turn words into action. Even here, with the Bonn Cabinet still at loggerheads over the fine details of some of the cuts, there are doubts about how effective the package will be.

Elsewhere there is disarray—chiefly in the U.S., where the Reagan administration is now confronted with the task of slimming down once-sacrosanct defence spending to prevent its financial targets from slipping out of reach.

With the sole but significant exception of President Mitterrand's France, now embarked on a major reflation programme, deficit-pruning is at the heart of economic policies in nearly all industrialised countries.

Abandoning the traditional Keynesian route of spending their way out of recessions, governments are trying to get economies moving by reducing public credit demands.

The Reagan administration's proposals go a step further. While aimed at balancing the federal budget by 1984, the plan involves the risky interim stage of a "supply-side" boost to savings and investment through tax cuts. But the general aim is the same—to pave the way for lower interest rates and allow private business to spearhead the upturn.

So far, the opposite is happening. Ballooning government borrowing is straining credit markets and helping drive up interest rates everywhere.

The gap between announced intentions and actual events is largest in the U.S. where President Reagan's success in steering a mammoth programme of tax cuts through Congress this summer has rebounded on him. Even the Wall Street Journal, arch supporter of supply-side economics, has dismissed the budget-balancing target as "a dream, not a forecast."

The confusion is illustrated by the latest forecasts for public borrowing next year in the U.S. and France.

The two countries are following diametrically opposite budgetary strategies. Yet in both Paris and Washington, current projections are for central government borrowing to rise by around 30 per cent.

Forecasts like this are used by economists leaning towards the Keynesian approach who call for a change in strategy in countries like Britain. They argue that governments would be better advised to boost budget deficits through programmes of public spending on capital investment projects rather than see the deficits rise anyway through recession-induced increases in spending on unemployment benefit and reductions in tax receipts.

The Paris-based Organisation for Economic Co-operation and Development has calculated, for instance, that the deterioration of the main industrialised countries' budget deficits in recent years has been due completely to the working of these "automatic" influences rather than "discretionary" fiscal action by governments, which has in fact been geared to restriction rather than expansion.

Finance ministers in effect have been trying to run up a downward escalator. As fast as they have tried to cut deficits through spending cuts or tax increases, the moves have been undone again as part of the automatic fiscal response to economic downturn.

Whatever its cause, concern about the U.S. deficit is keeping long term American interest rates at around record levels. This is helping to prolong the unprecedented international run into the dollar, which has risen further and faster against European currencies during the last year than at any time since the war.

Inflationary currency depreciation and interest rates "at the highest since the birth of Christ" — as Herr Schmidt grumbled at the Ottawa summit — not only threaten fresh damage to ailing European economies. They also aggravate wider strategic disagreements between the U.S. and its European allies, for instance, over defence spending and general policies towards the Soviet Union.

With the Dow Jones index at around its lowest for 13 months, Wall Street's gloom continued this week in spite of a cut in some U.S. banks' prime lending rates from the 20.5 per cent in force since early July.

> "Supply-side economics is a long-term process. Where Reagan is dangerous is in thinking that things will change overnight"

This followed a pungent weekend statement from Mr Paul Volcker, chairman of the Federal Reserve. As the policy conflicts within the Administration become more apparent, he is widely regarded as the chief guarantor of America's sound money objectives. Underlining the painful contradiction between fiscal extravagance and monetary restraint, he blamed soaring interest rates on the Government's failure to make enough spending cuts — and warned implicitly that interest rates would stay high until President Reagan reduced the soaring defence budget.

In what may prove a forerunner to the U.S. experience, Britain discovered the hard way last year that trimming deficits in a high interest rate recession—when tax revenues automatically flag, while social security spending and borrowing charges go up—presents a government with almost insurmountable problems.

Mrs. Thatcher's Government declared at the end of 1979 that "public spending is at the heart of Britain's present difficulties." But it ended up last year increasing public spending as a proportion of GNP to well above the level inherited from the Labour Government.

Just as President Mitterrand plans to do next year, the Conservatives boosted public borrowing by 30 per cent during 1980—although the aim at the outset was just the opposite to a Mitterrand-style reflation exercise.

There are many other examples of the difficulty of reconciling budget toughness with political realities. Both Britain and West Germany, in the midst of carrying out fiscal austerity programmes, have been forced this summer into measures to boost spending on job creation to combat the worst effects of the recession.

Belgium has just decided its second major package of spending cuts this year. But the centre-left government has had to leave untouched the crucial issue of indexation of wages and social security payments for fear of provoking a split in the shaky coalition. There is a similar political sensitivity to tackling the indexation issue in Italy, although the Government headed by Sig Giovanni Spadolini has already decided on one package aimed at reducing borrowing since it took office in June.

In the Netherlands, where public spending as a proportion of GNP is—along with Belgium—one of the highest in Europe, the central bank has resumed calls this summer for expenditure cuts. But none have been made — because there is still no government in The Hague following the inconclusive elections three months ago.

And in Germany the latest round of spending cuts has been bought only at the expense of further reductions in defence spending to below the Nato target levels.

Other countries are achieving more success on the budgetary front. The chart on this page, based on figures compiled by Morgan Guaranty, shows budget trends among the seven countries which took part at the Ottawa summit, measured by the general government financial balance.

Combining the budget balance of the federal or central government with those of state and local governments (including social security funds but excluding nationalised industries), this allows comparison of the fiscal stance in countries with different structures.

Different levels of deficits in different countries, however, can have disproportionate effects on financial markets. The deficits in the U.S. and France are much lower in relation to GNP than elsewhere. But because of factors like the low savings ratio in the U.S. or the less well developed capital market in Paris, even relatively small swings in the level of government borrowing can have large effects on interest rates.

Although public spending as a proportion of GNP is significantly higher in all countries than before the first oil shock in 1973, the U.S., Japan, Canada and Britain are all expected to reduce general government borrowing this year compared with last year.

The U.S. deficit (less than the federal deficit because of surpluses among State governments) next year, however, is expected nearly to double to 1.6 per cent of GNP, Morgan Guaranty believes.

Mr Norman Klath, vice-president in the international economics department at Morgan Guaranty, says that, "For a while, a higher budget deficit, by pushing up interest rates, works to support the dollar. But eventually it can be a sign of problems."

The general government balances are much lower than overall public sector borrowing in both Britain and France because of the absence from the figures of nationalised industry borrowing. Worries about heavy government borrowing next year in France — where the central government has traditionally run a budget close to balance — have been reflected in a sharp rise in the interest rate on the first state bond just announced by the Mitterrand Government.

Morgan Guaranty forecasts that Germany's deficit will fall to less than 4 per cent of GNP in 1982 following the plan to cut central government borrowing by 30 per cent to DM 26.5bn next year.

But the chief concern remains the U.S. Mr Philip Braverman, vice-president and senior financial adviser at Chase Manhattan in New York, predicts that the federal budget deficit could rise as high as $70bn in the fiscal year starting on October 1, compared with the Administration's forecast of $42.5bn. The latest official projection for the current year's deficit is $55bn, although Mr Braverman believes that it will turn out at $61bn.

He forecasts a further period of "turmoil" on financial markets. "Even after the recent rises in bond yields, there is a risk that interest rates, both short and long term, could go significantly higher."

Patience in Europe is rapidly wearing thin. The Basle-based Bank for International Settlements last year labelled the British Government's economic policies in politely mocking tones, as "an experiment akin to those always available in the natural sciences." Many would now apply the description to the U.S.

GENERAL GOVERNMENT SPENDING AS PROPORTION OF GNP

	1980	1973
Netherlands ...	60.4	48.1
Belgium	51.8	39.1
France	46.3	38.5
W. Germany ...	46.1	40.5
Italy	45.6	39.1
U.S.	33.1	32.0
Japan	31.6	25.4

Source: Bank for International Settlements

Herr Karl Otto Poehl, president of the West German Bundesbank, last month described President Reagan's policies as "a fascinating economic policy experiment, on whose outcome opinions are, however, very much divided."

Another European central banker, speaking in private, is more forthright. "If in six months time inflation has not come down significantly, output is not expanding, the Treasury is running huge deficits and interest rates are still high, then the Reagan magic will be wearing out. Supply-side economics is a long-term process. Where Reagan is dangerous is in thinking that things will change overnight."

MEN AND MATTERS

Anker weighs up

There looks to be a rather good parlour game somewhere in the newly published reminiscences of Anker Joergensen, Prime Minister of Denmark. Who, for instance, was "a cunning, pipe-smoking fox"?; "a lover of style for style's sake"?; and "a bit of an agitator"?

The answers are Harold Wilson, Valery Giscard d'Estaing, and Margaret Thatcher respectively. For, sitting in his summer house at Hundested, north of Copenhagen, Joergensen has set down informal pen-portraits of the European leaders whom he has encountered in the three-times yearly meetings of heads of state of the Common Market countries.

Of Thatcher, Joergensen writes "the feeling of having been cheated has evidently been common for all the Britons I have met in the European Council. But . . . Margaret Thatcher has, I believe, been simplifying it more than her predecessors, in the manner of an agitator. She has sometimes rounded off her statements saying 'It is my money'; 'It is my fish.' She speaks in strong terms, but she also speaks cleverly."

Edward Heath is remembered as a "warm and open man," James Callaghan as "direct, powerful and salty." Giscard d'Estaing is said to be sharp, but always elegant and with a penchant for taking his mind off politics with the study of classical Chinese philosophers.

But the thumbnail sketch which must ring the strongest bell with British readers is of Harold Wilson: "A shrewd politician, bordering on craftiness. When he lit his pipe and let his eyes wander across the assembled people, you felt that the game was starting. Now we were down to politics."

Shell-shucked

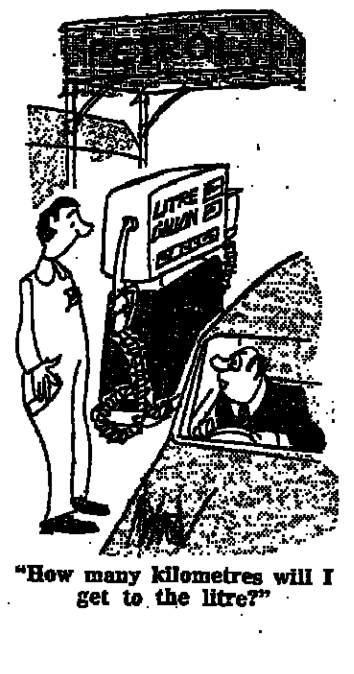
The letter "r," for so much of the year distinguished only by virtue of its lying uniquely between the 17th and 19th places of the alphabet, enjoyed its annual moment of glory yesterday as it became the "r-is-the-month" which ushers in the start of the oyster season.

The season started, strictly speaking, on August 4, but British taste is for the most part still happy to be governed by the familiar mnemonic. And while Soki may have been pushing it a bit when he wrote that "oysters are more beautiful than any religion," the abrasive little bivalve certainly have their enthusiasts, who turned out in force yesterday to London's seafood restaurants to sample the first of the season's fare.

Keeping faith with this column's City roots, it was to Sweetings that I repaired yesterday for my own sampling of a dozen tabasco-spotted number threes. And while claiming no particular expertise in the field of oyster assessment, I see no reason to quarrel with owner Graham Needham's judgment that the British beds have done their stuff this year in turning out a very palatable crop.

Over at Wheeler's, chairman Ronnie Emmanuel shares with Sweetings the intention to hold this year's prices at last year's levels — despite a typical 10 per cent price increase by suppliers. With the card ranging from a half-dozen number twos at £3.50 to extra specials at £6, Emmanuel reckons that the prices are high enough for these straitened times. Through its dozen or so restaurants, Wheeler's will shift a half-million oysters in a typical year.

The season is there, explains Emmanuel, to give the oysters a breeding space rather than because to eat one in summer would be any sort of health hazard. And while the Wheeler's chairman is reluctant to lay down the law on how the purist takes his pleasure, his own taste runs to a spot of vinegar and black pepper as the way to bring out the best of the flavour.



"How many kilometres will I get to the litre?"

Moore's code

Littlewoods did nothing to shake its reputation as Britain's most private private company when it was constrained to break cover yesterday to announce the appointment of its first non-family non-executive director, Michael Julien, finance director of BICC.

"Family hold back" being the rule at the Moores family's Boardroom table when it comes to briefing the Press, I was less than staggered to learn that Sir John Moores was not available for comment, while his son Peter was unwilling to venture beyond a polite monosyllable or two.

I thought for much of yesterday that Julien too had ticked the box marked "X" for no publicity, and was demonstrating his impeccable credentials for the new job by closeting himself all day in an office with BICC chairman Sir Ray Pennock. He did, however, consent to speak in the early evening, though not exactly with all caution thrown to the winds.

His appointment, which follows five years at BICC preceded by spells at Price Waterhouse, Willis Faber and British Leyland, was a matter of "pulling names out of a hat," he hazarded. BICC had no qualms about letting him loose for a couple of days a month, as it liked to combat inbreeding among its Board.

And how did he view the inbreeding and introversion of the Littlewoods Board? On that, said Julien, he would reserve judgment.

Fountain pence

The adage "do as the Romans do" could provide a tricky moral problem for tourists visiting the Eternal City these days. For while the visitors are wistfully chucking their lire into the waters of the Trevi fountain in the hope of ensuring their return to Rome, at least some of the locals are nipping in after lights out to whip the donations out again.

Cleaning out the Trevi has to all intents and purposes become a free enterprise operation—much to the displeasure of the municipal authorities. On Monday night, two youths were nabbed by local police as they emerged from the fountain carrying L265,000, or just over £100, in loose change, plus 1,200 coins of foreign denomination.

Oddest of all, the Roman authorities are having little success in establishing that they have any more claim to the cast-off lucre than do the latter-day mudlarks. A judge has now ruled that nobody has any right to the coins.

Instead, it seems likely that Monday's pair will be charged with trespass on public property—a crime also committed with impunity by many tourists and Romans alike when the sun shines hot on the Trevi piazza.

Jonah

"The company I used to work for was swallowed up by another company — and it spat me out."

Observer

Now BL's heavy vehicle business faces a battle for survival. **John Griffiths** reports

Why the UK truck market is a disaster area

ON FRIDAY of this week Leyland Vehicles, BL's truck and bus arm, was to have held a ceremonial opening of its bus and truck centre at Chorley, Lancs., expanded at a cost of £1m. The ceremony has been scrubbed. "Anything not connected with the survival of the business has got to go," according to *a spokesman.*

But more than "frills" are now at risk. Presenting BL's record half-year loss of £225m last week, Sir Michael Edwardes, BL's chairman, made clear that further major cutbacks are needed within the commercial vehicles division: "Our fixed expenses are too high and we are over-manned in relation to both *the current and projected* market size."

It is ironic that he should have been reporting that the long-unprofitable car operations may now be turning the corner, just at the moment when the historically profitable trucks business has been sliding deeper into trouble. Leyland's first-half 1980 profit of £7m turned into a full year loss of £32m. And in the first half of 1981 there has been a further loss of £47m. Within two months Leyland's 18,500 employees—down from 28,000 two years ago—should know where the axe will fall next.

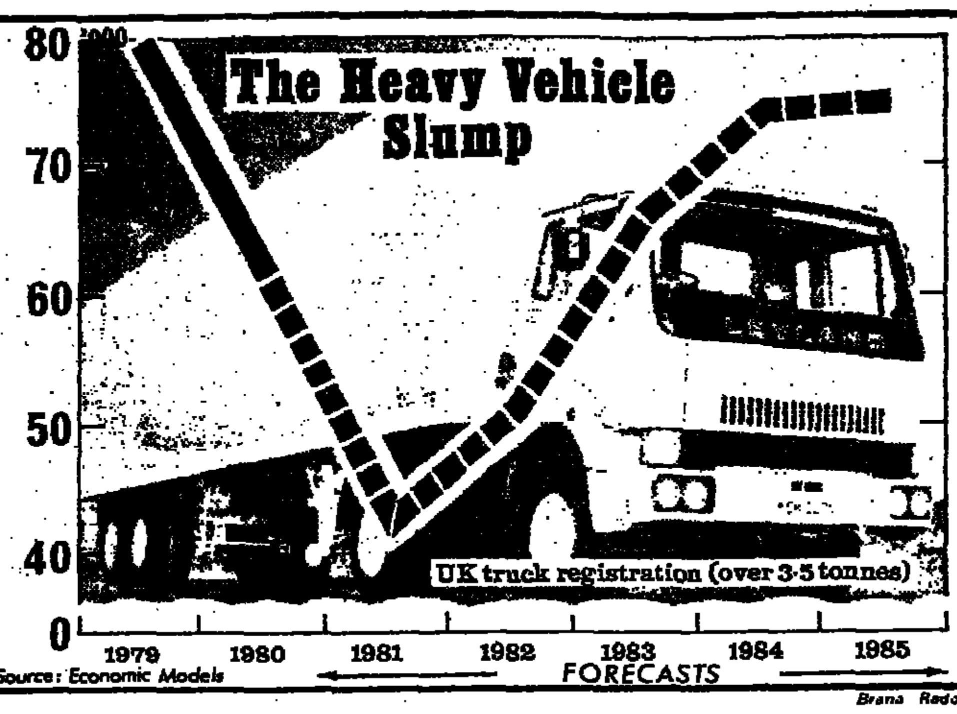
Sir Michael last week refused to provide any clues. But the Guy truck plant at Wolverhampton, the Albion axles and gearbox plant near Glasgow, *even* the Bathgate plant employing 3,600 near Edinburgh and building the just-launched *Landmaster truck range, are* now looking vulnerable.

Sir Michael's announcement was no surprise to Leyland's employees; at the Landmaster launch, Mr Peter Capon, Leyland trucks managing director, warned that no jobs or factories could be guaranteed "in the current circumstances."

Sir Michael Edwardes, BL chairman, warns that major cutbacks are needed at the truck and bus subsidiary just at the moment when the car operations may at last be ***moving out of the red.***

These "current circumstances" are a bitter blow to the high hopes for the revival in LV's fortunes planned with the launch of a £350m investment programme in 1978. It was aimed at reversing the slide in LV's UK market share (now 17 per cent compared with 30 per cent in the early '70s) and taking the company into major new export programmes.

Well over half has already been spent, in particular at the principal plant at Leyland, Lancs where the main models of LV's new T45 trucks range—to extend eventually over weights from 6.5 to 66 tonnes are being built. Future investments are now in question. The trucks launched so far have been well received, as modern designs competitive with anything else on the market. The trouble is that the market itself is a disaster area.



Brana Radovic

UK sales of trucks "proper"—those of over 3½ tonnes—plummeted from 80,000 in 1979 to 61,000 last year and industry forecasts are that they will do well to hit the 40,000 mark in 1981. Heavy discounting is rife as all truckmasters fight tooth and nail for what sales are available.

"The market now is a dirty business. Companies are selling trucks at silly prices you wouldn't believe," according to Mr Peter Foden, chairman of ERF, Britain's last independent heavy truck maker. The sector in which ERF mainly competes, that of 28 tonnes-plus, was 18,000-19,000 in 1979: "This year we'll be lucky to see 8,000." It is also the sector in which competes LV's main T45 version, the Roadtrain tractor unit.

The situation in Europe is better, but *far from* rosy. Sales of trucks over 3½ tonnes are expected by non-market analysts to fall this year by about 12 per cent — from 235,000 to 195,000—in the six main Common Market countries.

LV launched the Roadtrain in Europe in the middle of this year determined to build substantially on its marginal truck sales of about 1,000 a year. The timing was inauspicious to say the least. Not only are the French and Benelux markets also depressed but LV and other British manufacturers are having to cope in Europe with the considerable strength of sterling and high domestic inflation which are combining to place the UK industry at a serious disadvantage.

Sir Michael points out that while the dollar may have appreciated sharply against the pound, any suggestions that sterling is faltering is tantamount to nonsense. As of last month, since the summer of 1978 it had appreciated by 19 per cent against the D-Mark, 28 per cent against the French franc and 38 per cent against the Italian lira. Combined with the higher British inflation rate this has led, said Sir Michael, "to a crippling loss of competitiveness" of about 50 per cent against West Germany, 35 per cent against France and 25 per cent against Italy.

Conversely, that has given importers a big competitive advantage. Imports account for about 22.8 per cent of total UK sales over 3½ tonnes, but have moved nearer to 50 per cent in the part of the market where the sales struggle is fiercest—above 28 tonnes.

Mr Foden says the extra margin of profitability has allowed importers to undercut British makers. One importer, claims Foden, "has instructed its dealers not to lose a sale simply on account of money."

Even Third World markets, traditional strongholds for UK makers (particularly LV and Bedford) are under severe pressure, because of sterling *and inflation.* These markets still take nearly half of LV's output, but some figures quoted by Mr Capon are revealing.

Similar trucks sold by LV, Japanese and German companies for £8,000 at the end of 1978 were now: down 13 per cent to £6,900 from the German maker, down 9 per cent to £7,300 from the Japanese one—while Leyland's price was up 34 per cent at £10,700. And that was with LV paring its margins to the bone. That kind of situation, says Mr Capon, clearly cannot go on for ever.

Any hopes of an export revival, therefore, are clearly contingent on a downward shift in sterling, for which few in the industry hold out great hopes. Opinions about when the upturn might come in the domestic market are mixed, with smaller makers like Seddon Atkinson and ERF saying they are already detecting signs of a possible revival. Both have announced new orders in the past month: for Seddon (part of International Harvester) of £3.5m and ERF of £2.7m.

The larger makers are not so sure. Ford, which is investing £1bn in truck-making over the next five years, most of it in the UK, found itself in a similar position to LV in launching its new medium-to-heavy truck, the Cargo, into depressed UK and other European markets earlier this year. It says there might be a small upturn at the very end of 1981 in the medium sector, but sees little prospect of the tractor market reviving until well into 1982.

That view is supported by Economic Models, the forecasting group, which earlier this year revised its 1981 forecast downwards dramatically from 53,000 to 42,000, but which expects a pick-up next year to a still very depressed level of 51,000.

In the meantime production at British plants has fallen to the lowest levels since the 1950s and with it has come a major shake-out of manning and *plants aimed at improving* productivity. An outright casualty of the recession last year was Foden, the assets of which were taken over by Paccar, *the* U.S. truck maker. Foden's 2,000 employees have been slimmed to 350 and the operation is now *ticking over—as are so many* others—on a low-cost basis waiting for the upturn. Seddon Atkinson has closed its Preston *plant, concentrating all* production at Oldham.

UK TRUCKS MARKET SHARE (over 3.5 tonnes)	
Ford	24.3*
LV	16.3
Bedford	15.7
Dodge	11.3
Daimler	5.6
Volvo	5.1
Seddon	4.4
Iveco	3.3
Daf	3.0
ERF	2.6
Foden	1.3

* Seven months to July 1981 *Source: SMMT*

At Bedford, manning levels have also been cut back sharply with more than 1,000 still to come, under the stimulus not only of the need to hang on to its 17 per cent UK market share but of its parent, General Motors, decision to rebase responsibility for truck operations in the U.S. Mr Ruben Jensen, GM's executive vice-president now responsible for world truck operations, has already criticised its past performance and warned that if Bedford is to have a future "then it's got to earn its keep."

Karrier Motors, formerly Dodge, is now owned jointly by Talbot and Renault's commercial vehicles arm RVI. It has also been slimmed down with *the prospect of joint* development of trucks with its new part owner and entree to Renault's strong commercial *vehicles network in Europe.*

The cumulative result of the upheaval so far has been a permanent loss of manpower. The effects are showing up in a reduction of short-time working despite the very low levels of demand. So a leaner and much more efficient truck-making industry is now emerging. There has been a major reappraisal of stock procedures and a considerable shortening of spare parts pipelines. Truck stock levels, at long last, have *been brought down to manage*able levels.

Thus, if and when the upturn does come, UK manufacturers could be better placed than ever before to take advantage of it; not least because of the new model ranges in which most manufacturers have been investing heavily even as the industry has been going into recession.

British makers will be getting extra help, too, from the introduction in Britain in October next year of Tight Approval for new trucks. These legislative requirements already exist in other major European markets and have placed UK makers at a disadvantage in terms of time and expenditure to meet them. On the other hand Britain has hitherto been an entirely open market to importers.

Along with that bullish prospect, though, there also lurks a danger: that if the upturn is delayed beyond the forecasts of even the most pessimistic of observers, then the UK industry could be so weakened in terms of lack of cash flow as to be unable to respond—thus leaving the field wide open to importers. "The trouble is at the moment," points out Peter Foden, "with present margins and output we would have to build a vehicle for nothing—ie, pay nobody—in order to make a profit."

Letters to the Editor

Poor quality legislation

From Mr P. Sullivan

Sir,—In recent legislation designed, quite rightly, to protect our egg and poultry producers against subsidised imports there are anomalies which illustrate *perfectly* the poor quality of our civil service when dealing with trade and commercial matters.

Included in the ban on imports, with the exception of two or three countries of little consequence in terms of tonnage, are egg products. These are used extensively throughout the food processing industry and unless the regulations are amended without delay the consequences will be serious for all concerned.

The absurdity of the *situation can be highlighted* by pointing *out that many types* of egg products are not and never have been produced in the UK. Of those which are made here many are quite suitable for use by our major food manufacturers.

The reason given by the Ministry is that the virus of fowl pest can be carried in egg products. It will not say that it is carried and, since the introduction of pasteurisation laws some 20 years ago, the health record of these raw materials is, to my knowledge, unblemished.

Denmark is one of the countries from which egg products will still be permitted into the UK. Denmark freely imports egg products from countries which, overnight, have become *persona non grata* to our Ministry! If further proof of idiocy were needed, this country imports finished articles such as cakes, salad cream, advocaat and so on, all containing egg products from countries which now contravene the regulations. Is it intended that these too will now be prohibited imports?

Far more powerful voices than mine are being raised in protest, including most household names in the food processing industry, to say nothing of traditional overseas suppliers. Nevertheless is it not disturbing *to say the least* that highly paid officials in Government Departments acquiesce in the passing of legislation, without prior consultation, apparently *unaware* of the consequences to one of the most important sectors of our economy?

P. J. Sullivan.
Redsails,
Priorfield,
Godalming, Surrey.

Economic forecasts

From Mr A. Wyand

Sir,—I have read the correspondence in your columns from various economic forecasters in recent weeks with interest. As a user of such forecasts, I am entertained by its irrelevance. There is no value in accuracy when that accuracy is measured by an index such as gross domestic product, industrial production, or balance of payments which is not only wholly artificial and devoid of practical meaning, but which is also subject to extreme revisions. In the case of GDP, for example, the use of a 1975 price base for oil and the terms of trade *throws* up a largely irrelevant figure which no doubt goes some way to explaining why the equity market has not reacted to the recession as many observers expected. Furthermore, the Central Statistical Office has now acknowledged the substantial downwards bias in its initial estimates for GDP, a fact to which to my knowledge only one economic forecaster in the country has drawn any attention in the past.

Possibly economists are so intrigued by the complex elegance of their models or the sophistication of their analysis that the artificiality of their forecasts does not strike them as significant. Recognition that the targets of macroeconomic forecasts are as useful as a piece of elastic for measuring real events would jeopardise the exercise.

But your correspondents have been trying to demolish each others claims to superiority while establishing their own. Like the emperor, they only deceive themselves.

A. B. Wyand.
36, Albert Street, NW1.

Beautiful roses

From Mr P. Barlow

Sir,—I was delighted to read *Anthony Moreton's* article "The Rose by any other name" (August 26) but found many errors which should perhaps be *brought* to light.

The China and Persian rose came to England in the 18th Century and not in the Middle *Ages as Anthony* Moreton would have us believe. The China rose is but a dried specimen in the British Museum collected by the *Dutch botanist* Gronovius in 1733. Later in the 18th Century China roses came to Europe from the Fa Tee Nurseries in Canton and in 1809 Sir Abraham Hume imported "Hume's Blush Tea-scented China"; he sent this rose to the Empress Josephine which involved safe conducts by the British and French Admiralties. Such was the beauty and importance of this rose.

The Persian rose — "Hulthemia persica" — has had many names and is remarkable for the red eye at the centre of its vivid yellow flowers. A native of Persia and the neighbouring area of Afghanistan and Russia it was brought to France about 1788. It is no longer considered a true rose and is now called "Hulthemia persica" instead of "R. persica." So much *for roses* coming to England in the Middle Ages from Persia.

Mr Moreton states that "Peace" was raised in the U.S. This is terrible. The first of the crosses which led to "Peace" was made by Francis Meilland in Antibes in June, 1935. A year later "Peace" was in flower and the Duke of Windsor on seeing it said "I have never seen another rose like it. It is certainly the most beautiful rose in the whole world." In France this rose is still called "Mme A. *Meilland*" where it was introduced in 1942. In Germany it was introduced as "Gloria Dei" and in Italy as "Gioia." In America it was christened "Peace," for Robert Pyle of Conard-Pyle Co., the American distributors, who had a bloom and a message put in the apartment of each chief delegate to the San Francisco Conference *which set up* the United Nations.

"Queen Elizabeth" was raised by Dr W. E. Lammerts in Los Angeles in 1954, and "Iceberg" by *Reimer Kordes* in Germany in 1958. I would mention that "Piccadilly" is perhaps the finest of the bi-colours, *red flushed yellow with a* yellow reverse. It should not be classed with the red roses such as "Lili Marlene" and "National Trust." "*Mountbatten*," a newcomer from Jack Harkness, is a splendid shrub rose of upright habit growing to about four feet; *it will* therefore complement Grandpa Dickson, a hybrid tea, rather than supersede it. "Rebecca Claire" is a disappointing rose and *it is* difficult to understand how it won the President's International Trophy. It merits a Trial Ground Certificate but is hardly "a strong candidate for our affections."

Peter J. Barlow.
3, Penarth Place,
Cambridge.

Incentives and managers

From Mr G. C. Fiegehen.

Sir,—I cannot share Mr Hammond-Chambers' remarks (August 28) about my book.

No company in the survey on which my book is based said senior managers (or anyone else) like paying higher taxes or seeing their pay differential over other workers eroded, but the companies' assessment was that the effects of such changes in the 1970s on their activities were very small. A strikingly similar response was obtained *from* all types of firm, including those in rapidly growing sectors. It is difficult to believe they were all what Mr *Hammond-Chambers* calls "poorly run, heavily bureaucratised companies."

Any erosion of relative net *remuneration at the top* had very little impact on companies' ability to find managers of the calibre needed in senior positions. The then *fashionable* "decline in motivation" also had little tangible effect on performance and was often related to *other problems affecting* particular companies, eg, recession, loss of markets, merger or reorganisation.

Despite much concern over pay and tax in the late 1970s, senior positions remained well paid by most standards of comparison in the UK. It is not surprising there were still plenty of well-qualified candidates for vacancies and promotion.

Higher taxes may be a disincentive looked at in one way—if the net value of further increases in earnings is reduced because of a higher marginal rate—but this can be offset if they also stimulate increased earnings in order to recoup the income that has been lost.

G. C. Fiegehen.
Flat B,
10 Corfton Road, W5.

Doing a good job

From Mr S. Penwill.

Sir,—I do not know where Mr Hammond-Chambers (August 28) obtains his information about British management, but I would suggest that he is wildly inaccurate.

My experience is that if anyone works unlimited hours it is the top management in industry, whose work is not necessarily finished when it leaves the premises. I have known management which worked a 14-hour day, not at overtime, and it is quite usual for work to be taken home to be dealt with in evenings or weekends.

In a time of depression such at that through which we are passing, the survival of companies and of those in *management depends mainly on their* efforts. There is no limit to working hours. That is the current incentive, but my *experience is that the normal* incentive has been to do a good job and maximise profits, whatever the tax penalties of so doing.

S. W. Penwill.
London International Press Centre,
Room 5.23, 76, Shoe Lane, EC4.

Registration of brokers

From Mr P Lee.

Sir,—Mr F. W. Bush (August 3) poses an interesting question: "How will a member of the public choose between an insurance broker or insurance consultant in the same High Street?" In my view, I do not think it is important, but what is vital is for the public to receive impartial and proper professional advice. This subject is a minefield and I suspect that Mr Bush is teasing us!

I have seen reports and recommendations made by well-established insurance brokers which are really quite rascally and, conversely, I have seen extremely well written reports emanating from a one-man-band business. In essence, one is looking for proper professional advice, and the mere title of "broker" or "consultant" is no guarantee of professional competency.

There are literally dozens of *different categories of people,* these days, who claim to be able to prepare a life portfolio for anyone who is looking *for advice. I have even* seen insurance companies' signs in grocers' shops indicating that the grocer is an agent of the XYZ Insurance Company! Members of the public must be bewildered in receiving differing opinions from different people—and a great deal of it, to my mind, is questionable.

In an ideal world, we ought to have a system of licensing with appropriate educational standards and it would only be given to those who are full-time in the business. Until that happy day, one should seek an insurance adviser diligently. The adviser should be skilled in this business, dependable and honest. It must be admitted that not everyone in full-time life assurance satisfies this criteria, but we live in an imperfect *world and there are villains in* all walks of life.

As a last resort, and as an experiment, one can always write an exact resumé of one's circumstances to, say, six separate firms or individuals and ask for their report and advice. It may then be possible to form a consensus of all the replies.

It may be of some consolation, at the end of the day, to remember that many widows have colleted capital sums from insurance *companies.* The contract may not have been the very best available, but it has afforded their families and themselves a very useful nest-egg. Surely it must be better to have the proceeds of a poor insurance contract than no life assurance at all.

Philip Lee.
40 Danybryn Avenue,
Radyr, Cardiff.

Today's Events

GENERAL

UK: Official reserves (August).

British Rail and its unions begin productivity talks.

BP process workers at Grangemouth refinery meet to vote on new pay proposals.

Mr Michael Foot, Labour Party Leader, and Professor E. P. Thompson, one of the founders of *European Nuclear Disarmament,* speak at public meeting on Disarmament in Europe, Caxton Hall, London.

Two leaders of Polish trade union Solidarity address trade union conference, Digbeth Civic Hall, Birmingham.

Second part of investigation by Lord Scarman into inner city riots opens, Hoare Memorial Hall, Church House, Westminster, London.

Mr Michael Marshall, Parliamentary Under Secretary for Industry, gives opening address at International Hardware Trades Fair, Olympia, London.

Overseas: West German cabinet meets to discuss 1982 Budget.

Mr David Howell, Secretary for Energy, in Japan.

Mr John Lehman, U.S. Navy Secretary, visiting UK.

OFFICIAL STATISTICS

Capital issues and redemptions (August).

Publication of UK Balance of Payments 1981 Pink Book.

COMPANY RESULTS

Final dividends: Whitworth *Electric (Holdings). Interim* dividends: Babcock International. Cement Roadstone Holdings. I. J. Dewhirst Holdings. Guardian Royal Exchange Assurance. Marchwiel. Nu-Swift Industries. Phoenix Assurance. Sun Alliance and London Insurance. Weir Group. H. Woodward and Son.

COMPANY MEETINGS

Braham Miller Group, Strraysfield Works, Clay Hill, Enfield, 3. Rotaprint, Cumberland Road, NW, 12.

LUNCHTIME MUSIC IN CITY OF LONDON CHURCHES

St Olave, Hart Street, EC3—*Vivien Banfield, piano, 1.05 pm.* St Margaret Lothbury, EC2—Richard Townend plays Bach, 1.10 pm. St Bride, Fleet Street, EC4—John Mee, organ recital 1.15 pm. St Martin Ludgate, Ludgate Hill, EC4—Charles Meinardi, violin, 1.15 pm.
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Linfood blames Gateway for £1.3m fall in profits

POOR performance of the Gateway retail subsidiary is the primary reason given by Linfoods Holdings for the fall in profits in the year to April 25 1981. The pre-tax figure was £1.3m lower at £8.92m on increased sales of £1.02bn against £950m.

The directors say that although Gateway is still profitable, trading profitability fell by about £1.3m. This setback outweighed the advances made by the other sectors and steps have been taken to strengthen Gateway's management. A recovery is expected over the next two years.

In view of both the "difficult trading conditions" and the need to support growth opportunities, the directors propose to cut the final dividend from 7.5p to 6.5p, making a total for the year of 10p against 11p. Stated earnings per 25p share are 15.2p compared with 22.6p and net tangible assets 122.8p compared with 117.2p.

They say that trading results of Linfood Cash and Carry, Hypermarkets and the Dee Discount Stores further improved during the year by £1.25m, an average increase of 14.2 per cent.

Linfood distribution maintained its contribution, while operations in France and Spain continued to trade profitably and showed further growth, although the strength of sterling reduced the benefit of these gains.

From trading profits of £12.37m (£14.26m), interest on convertible loan stock took £1.2m (£1.21m), interest on bank borrowings and others £2.25m (£2.84m), tax £2.05m (£2.05m) and minority interest £256,000 (£350,000) to leave attributable profits of £6.61m (£7.81m). Of these, £4.42m is to be paid in dividends (£4.49m) and £2.2m retained (£3.32m).

The tax charge includes ACT on the dividends of £1.89m (£1.9m) and £133,000 overseas taxation.

Using current cost accounting, pre-tax profits emerge at £6.84m compared with £7.71m and earnings per share 10.4p against 15.4p.

Lord Kissin, the chairman, has announced that he is retiring to be succeeded by Mr D. A. G. Monk, who was invited to join the company by Lord Kissin in March of this year and since then has been joint managing director with Mr R. S. Jacques. Mr Jacques is now appointed group managing director.

See Lex

HIGHLIGHTS

Along with an £87m cash call on shareholders Trusthouse Forte forecasts that its pre-tax profits for the year to end next October will be materially lower because of a sharp rise in interest charges. Lex comments and then considers the question of cost of money to the corporate sector generally as highlighted by the report yesterday from the 100 Group of finance directors. The column then moves on to examine the *latest results from food retailer Linfood where profits for the full year have slipped from £10.2m to £8.9m before tax.*

Gresham rises 22% to £1.79m

PRE-TAX PROFITS of Gresham Investment Trust, whose principal business is that of merchant banking, improved from £1.47m to a record £1.79m for the year to March 31 1981, a rise of 22 per cent.

At midway taxable profits were higher at £686,000 (£577,000), not including companies where the group's interest exceeds 20 per cent, and the directors expected the percentage increase in the first half to be at least maintained in the second six months.

Commenting on the full year, the directors say that if earnings from the companies in which its interests comprises more than 20 per cent (although they are not "associated" investments) instead of dividends actually received had been included, group pre-tax profits would have been £2.59m, against £2.21m.

Stated earnings per share came through at 6.8p (5.6p) and a final dividend of 2.35p raises the net total from 3p to 3.3p per 25p share—the 21st consecutive annual increase.

Capital pre-tax profits for the year amounted to £993,000 (£515,000). The directors point out that although these profits, which arise from realisations of investments held as fixed assets, are bound to fluctuate from year to year it is worth highlighting that in the last 16 years they have aggregated £7.67m of the pre-tax level.

● **comment**

Gresham Investment Trust has notched up another year of steady profits growth and the group is now sloshing with liquidity. Reserves are up smartly to £9m, boosted by £0.5m in retained profits and nearly £1m in capital profits taken below the line. With cash balances on the rise, the company was able to more than offset the decline in interest rates. Interest income as a result accounted for about half of the group's profits, with dividends from unquoted companies accounting for the rest. It looks likely that the hot competition for new business in the unlisted company sector will provide for a less even split in the coming year. The shares, unchanged at 90p yesterday, yield nearly 5.4 per cent.

Macfarlane ahead at half time

IN THE FIRST six months of 1981 Macfarlane Group (Clansman) made increased pre-tax profits of £731,000 on sales of £13.26m, compared with £704,000 on £8.51m in the same period last year.

The current year's figures *include the results of Abbott's* Packaging of London which was acquired in December 1980. They also include the financing costs relative to that acquisition.

The same net interim of 1.7p will be paid from stated earnings per 25p share of 2.89p compared with 3.25p. Last year a total of 3.7p was paid.

Mr Norman Macfarlane, chairman of this Glasgow-based packaging and printing company, says that last year's difficult conditions have continued through the six months and demand was particularly reduced in the whisky sector.

But he says a positive cash flow has been maintained and borrowings, which were incurred to finance the acquisition of Abbott's, were reduced from £1.9m at the beginning of the year to £1.2m.

As anticipated, the acquisition of Abbott's has provided a wider range of markets in the South.

Mr Macfarlane sees some evidence of an improvement in business in certain areas but says that trading during the rest of the year will "undoubtedly continue to be difficult."

After tax of £380,000 (£366,000), profits emerged at £351,000 compared with £338,000. Dividends will take £206,129 (£176,868).

CEMENT-ROADSTONE EXPANDS IN UK

Cement-Roadstone Holdings, the Irish industrial company *with expanding interests overseas*, is to acquire Robert Abraham, for £869,000 sterling, through its UK subsidiary Forticrete.

Abraham, a private company, manufactures concrete roofing slates at plants in Liverpool and Burton-on-Trent. In the year ended March 31 1981 its sales *totalled £1.4m and pre-tax profits* amounted to £194,000.

Britannia Arrow midway surge—paying interim

TAXABLE PROFITS of Britannia Arrow Holdings climbed from £955,000 to £2.01m in the first six months of 1981, on lower turnover of £13.44m compared with £16.61m.

For the first time the group, involved in finance, property, publishing and distribution, is to pay an interim dividend. This has been set at 0.7p net per 25p share. Last year a dividend of 1p net was paid on pre-tax *profits of £2.86m (£1.52m). Earnings* per share for the half year are stated at 2.02p (0.98p).

Tax took £298,000 (£137,000) and after extraordinary credits *of £1.04m (£1.12m) the attributable* profits emerged at £2.75m (£1.94m).

Extraordinary items were made up as follows: profits on *sales and liquidation of group* companies £462,000 (£19,000), profits on the sale of redemption stock £333,000 (nil), profits on the sale of investments £80,000 *(£451,000), profits on the sale of* investment properties nil (£731,000), net profit on exchange £160,000 (£80,000 loss).

A breakdown of pre-tax profits shows: fund management £1.29m (£661,000), investment income less interest payable £851,000 (£427,000), property £112,000 (£92,000), publishing and distribution £77,000 (£52,000), less group overheads £319,000 (£137,000).

● **comment**

First-half profits of Britannia *Arrow have maintained the new* level set in the second half of last year but the current figures are much more soundly based and point the way for *further* growth. Whereas the major contribution to profit in the second half last year came from the sales of share investments, the *first-half figures this year are* supported by a 95 per cent rise in the contribution of the investment management division. A near doubling of *management fees on the £300m* in unit trust funds under management, a substantial reduction of overheads following the Schlesinger acquisition plus *£50m in new funds—as much as* was attracted in the whole of 1980—underlie this excellent performance. The investment *division* did well again, but this was not due to the sale of share stakes but to higher dividend income, lower borrowings and higher interest received. The second half should bring a few property deals—there were none in the first half—and continued strength from the investment management side. Profits may reach £4m which suggests prospective fully taxed p/e of over 27 at 60½p, down 1½p yesterday. Assuming a final dividend of 1p the prospective yield is 4 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arnott & Co. ....int.	4.5	Dec. 31	4	—	8.5
H. Brammer ....int.	2	Oct. 22	1.8	—	5.5
Britannia Arrow ......int.	0.7	Nov. 20	—	—	1
British Vita ....int.	2.7	Nov. 2	2.6	—	5.2
Compco	1.95	—	1.6	1.95	1.6
Diploma	2.5	Oct. 16	2.5‡	3.8	3.8‡
Gresham Inv. Trust ...	2.35	Oct. 23	2.12	3.3	3
Invergordon Dstlrs. int.	1.5	Oct. 23	1.5	—	
Linfood	6.5	Oct. 29	7.5	10	11
Macfarlane Grp. ......int.	1.7	Oct. 13	1.7	—	3.7
R. & J. Pullman	2.78	Dec. 4	2.78	3.81	3.81
Trade Indemnity ...int.	2.37	Nov. 2	2.2	—	6.4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Adjusted for split of capital from 25p to 10p shares.

Arnott up at midway to I£1.11m

TAXABLE profits of Arnott and Company, *Dublin*, retail and wholesale draper, increased from I£1.02m to I£1.11m in the half year to July 18, 1981, compared with the half year to July, 1980. Last year total profits were £3.42m.

Turnover was up from £18.87m to £20.19m and the *interim dividend is to be increased* from 4p to 4.5p. Earnings per I£1 share are stated at 6.75p compared with 6.33p.

The directors say pre-tax profits exceeded 1980's depressed figures because lower levels of stocks attracted less bank interest and controllable expenses were pruned severely. However, most expenses are still rising faster than sales, particularly the major item of payroll, they say, adding, "It is difficult in existing conditions to be optimistic about the rest of 1981."

Estimated taxation for the half year is £523,000 against £441,000, leaving the retained *balance at £577,000 (£540,000)*

WEEKLY NEWS SUMMARY

Because of an error in the preliminary section of last Saturday's Summary of the Week's Company News, the *following results became transposed*: Barget Group, Cooper Industries, Crouch Group, Robert M. Douglas, Hanover Investments, ML Holdings and *Mining Supplies*.

The corrected figures will appear in this Saturday's edition.

Pullman falls £0.5m pre-tax

IN A very difficult year, trading profits of R. and J. Pullman, the garment and textile group, have *held up at £3.45m for the year* ended April 30, 1981, against £3.39m previously. But, largely as a result of higher depreciation and interest charges, the pre-tax *figure dropped from £2.32m to* £1.82m, which follows the midway fall from £710,000 to £657,000.

On prospects, however, Mr *Maurice Hope, the chairman*, reports that having emerged from a testing year in extremely good shape, the group expects to return to profits growth this *year and its longer-term prospects* are excellent.

Sales for the year fell some 9.5 per cent from £24.1m to £21.8m, mainly the result of a £2m fall in exports, reflecting *the high* level of sterling. There was also only £0.3m of turnover this time from the corduroy mill, closed during the year, compared with more than £1m *in 1979-80*.

After charging tax of £172,000 (£283,000) and exceptional items of £180,000 (£213,000)—the net cost of closing the corduroy mill after allowing for a net surplus of £237,000 on revaluation—stated earnings per 5p share were down from an adjusted 8.72p to 7p.

The total dividend, however, is unchanged at 3.81p net per share, with a same-again final of 2.78p.

Full-year interest charges increased from £706,000 to £1.16m and depreciation rose from £392,000 to £588,000. These reflect the board's decision to acquire as many freeholds as possible, which increased bank borrowings, and the high investment in stocks necessary to equip new shops opened in the last quarter.

Group pre-tax profits included a share of Paradise profits for the year of £102,000 (nil) and a reduced surplus of £12,000 (£23,000) on disposals.

SPAIN

September 1	%	+ or −
Banco Bilbao	367	
Banco Central	388	−4
Banco Exterior	412	−6
Banco Hispano	336	−8
Banco Ind. Cat.	121	
Banco Santander	389	−3
Banco Urquijo	230	+4
Banco Vizcaya	389	
Banco Zaragoza	266	+2
Dragados	218	−5
Espanola Zinc	78	−2
Fecsa	72.5	−0.2
Gal. Preciados	65	
Hidrola	64.7	−1.3
Iberduero	59	+1
Petroleos	125	−0.2
Petroliber	84	
Sogefisa	54	
Telefonica	86.2	−0.3
Union Elect.	79.5	

Diploma falls £1.89m but holds dividend

TAXABLE PROFITS of Diploma, the engineering, industrial distribution and services group, fell £1.89m to £5.19m in the year to June 30, 1981, on turnover of £47.24m compared with £51.01m.

At the half year stage pre-tax profits had already fallen to £2.74m (£3.05m) though turnover was up at £25.07m (£24.02m).

The final dividend is being maintained at 2.8p net per 10p share (after adjusting for a split from 25p shares in ... 1980) making a same total of 3.8p (adjusted). Earnings per share before extraordinary items are given as 10.... (....8p adjusted).

Mr Christopher Thomas, chairman, says ... many sectors of the group ... and ... increased turnover ... had ... net profits if they ... prepared to lower ... However this ... been ... benefit would have ... basic ... to the group's productive ... counter productive ... margins ... term aims, for notoriously reduced ... are establish... difficult to re...

Looking to ... says it is ... year ahead he ... activities, especially that several ... turing, will ... in manufac... continue to experience reduced demand. However, the management and workforce are generally working well together, and the group is in good shape to provide for longer term expansion with cash at the year end exceeding £4m.

Macro-Marketing, the electronic components distributor performed extremely well, to produce profits of nearly £3m Mr Thomas says, on turnover 10 per cent lower due to reduced demand and over capacity.

"Our policy of not pursuing volume to the detriment of gross margins was most demanding, especially in the face of irresponsible price cutting by so many competitors. Many of the manufacturers by whom we are franchised were themselves responsible for a lowering of our average gross margins by offering special prices via their distribution network.

"With some 20 international producers of memory devices keen to keep above break-even output levels, prices fell dramatically. Fortunately, there is now an indication of a hardening of prices mainly related but not totally reflecting the dollar/sterling exchange rate movement."

D.T.V. Group, the semi-conductor and passive component distributor, came near to maintaining volume and gross margins — but higher operating costs reduced the net level. This company has great potential, Mr Thomas says, but in aiming at long term success it has incurred considerable investment and overhead costs during the year, especially with the launching of Texas Instrument distributor Access.

High technology steel processor and distributor Henry Witham and Sons outperformed its competitors with profits *almost at the previous year's* £800,000 — despite substantially lower prices. I.G. Lintels, the steel lintel producer, also achieved similar profits to last *year, in a reduced and highly* competitive market.

Bathroom and general plumbing fittings distributor Robert Lee's net profits were down by one third.

Tax took £2.14m (£3.75m) and minority interests came to £253,000 (£257,000). After extraordinary items amounting to a credit of £1.74m (£3,000) and dividends of £978,000 (same) the retained profit emerged at £3.56m (£2.1m). The extraordinary credit is the net of deferred tax provisions no longer needed, reorganisation *costs and* provisions and the write-off of goodwill.

● **comment**

A month ago Unitech came out with a pre-tax profit nearly a fifth lower than in 1980. Now Diploma has followed on with a shortfall closer to 30 per cent. The *market for active* components has shrunk and Diploma made a virtue of necessity in cutting turnover. At the same time, price competition between memory manufacturers has pushed up the volume which a distributor must shift in order to make a profit. Nevertheless, Diploma has a well-entrenched position in a market whose long-term prospects are amply recognised in an historic fully-taxed p/e of 24 and a sub-4 per cent yield. At 208p (down 2p) the shares are still a comfortable 25 per cent higher than they were when the interim figures appeared in March. Diploma's elevated rating may be justified in the longer run but the decline was quicker in the second half and a resumption of the upward trend may be some way off.

Richards & Wallington receivership progresses

Mr Mark Homan and Mr Peter Padmore, receivers to the Richards and Wallington group, announce the completion of the sale of the businesses of three subsidiaries—HMT Engineering, Record Tower Cranes and Bramcotes Industrial Maintenance—and that of the Universal Aerial Platforms division of British Crane Hire Corporation.

They have also agreed the sale of the Dutch subsidiary, Richards and Wallington International, and are having discussions with interested parties in relation to Caledonia Crane Hire, Cambrian Crane and Plant Hire (the crane hire subsidiaries in Scotland and Wales. List Rig International (the heavy lifting specialist subsidiary), Bowyer Plant Hire and Transport and the group's investment in First Indonesian Plant Hire.

A memorandum is being prepared for prospective purchasers of the French crane hire subsidiary and a memorandum is being issued to prospective purchasers of business of BCHC, which has 21 depots throughout England and operates over 350 cranes.

Mr Padmore, who is handling BCHC, says he has already received over 50 expressions of interest in all or part of the business.

He indicates that against the background of this interest and the healthy trading pattern which has been established, the prospects of surplus cranes flooding the second-hand market have not receded

1980-81 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
113	100	ABI Hldgs. 10pc CULS	113	—	10.0	8.8	—	—
76	39	Airsprung	72	—	4.7	6.5	11.4	15.8
52	21	Armitage and Rhodes...	45	—	4.3	9.6	3.8	8.5
200	92½	Bardon Hill	198	—	9.7	4.9	9.6	11.7
104	88	Deborah Services	103	—	5.5	5.3	5.1	9.7
126	88	Frank Horsell	108	—	6.4	5.9	9.7	23.5
110	39	Frederick Parker	64	—	1.7	2.7	27.8	—
110	64	George Blair	64	—	3.1	4.8	—	—
100	93	IPC	100	—	7.3	7.3	7.2	10.9
113	59	Jackson Group	106	—	7.0	6.6	3.3	7.5
130	103	James Burrough	126	—	8.7	6.9	9.2	11.6
334	244	Robert Jenkins	306	—	31.3	10.2	4.3	10.8
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	188	Torday	188	—	15.1	8.0	7.2	12.5
23	8	Twinlock Ord.	12¾	—	—	—	—	—
90	68	Twinlock 15pc ULS......	75	—	15.0	20.0	—	—
56	35	Unilock Holdings	38	—	3.0	7.9	6.8	11.5
103	81	Walter Alexander	93	—	6.4	6.9	6.1	10.8
263	161	W. S. Yeates	234	—	13.1	5.6	4.4	9.0

UK COMPANY NEWS

International profits boost British Vita

PRE-TAX PROFITS of British Vita Company improved from £3.67m to £4.1m in the six months ended June 30, 1981 on turnover lower at £44.72m compared with £46.55m.

Although the profit contribution from the UK and Europe for the period was behind at £1.35m (£1.66m), the directors point out that the figure was £423,000 higher than for the second half of 1980.

They say many areas of the group's UK activities show only a slow recovery and some, such as the service companies, are still experiencing "very difficult market conditions."

International profits before tax for the half year increased from £2.01m to £2.76m, helped to a degree by the lower value of sterling.

For the second half the directors say prospects in the UK and Europe "will depend on the level of consumer spending, with the economic climate showing signs that trading conditions are likely to be at least no worse than those appertaining in the first six months." Internationally, they expect profitability to continue at satisfactory levels.

With "cautious optimism for the *future*" the directors are increasing the net interim dividend marginally from 2.6p to 2.7p—the payment is on 26.68m shares in issue, compared with 21.15m last year. A total of 5.2p was paid for 1980 on taxable profits of £7.11m.

The pre-tax surplus for the first half of the current year was struck after interest charges halved at £532,000 (£1.05m).

Tax took more at £1.75m (£1.41m) and after minorities of £43,000 (£29,000) and extraordinary credits of £308,000 (£110,000) the attributable balance emerged at £2.62m (£2.34m).

Stated earnings per 25p share dipped from 10.7p to 8.7p basic and from 10.3p to 8.5p fully diluted.

Changes in the group's structure have been made. Two interests not forming part of the long-term plans have been sold—South African Vita (Pty) and Hairlok, the latter after June 30—and additions have been the acquisition of the rubber lining business of Babcock Corrosion Control by associate BTR Vitaline and, since the half year, the fabric manufacturing and processing business of S. A. Driver and Co.

The directors say these moves will both strengthen and broaden the product and profit base of the group.

British Vita is principally concerned with the manufacture of cellular foams, synthetic fibre fillings, processed fabrics, rubber and plastic compounds, precision rubber mouldings, adhesives and a range of consumer products. Its service activities include haulage contracting, merchanting and property management.

● comment

British Vita is being guided through the recession by its African and Australian interests. More than a third of the group's trading profits is now being provided by its non-European subsidiaries, which account for only 9 per cent of turnover. In the UK and Europe, the group's major markets—furniture, bedding and automotive industry—show little sign of recovery. Naturally enough, the group is continuing to look for overseas expansion. Last year's £5.3m rights issue has been used to strengthen the balance sheet and fuel a few acquisitions, but the company says it is now poised for a move into the U.S. The share price has recovered somewhat more sharply than profits; with an 9p leap yesterday to 189p, the shares are around 40 per cent higher than they were six months ago. But until last year, the group had provided seven years of solid profits growth and it seems likely that full-year results will recover to about £8.2m and that the final dividend will be at least maintained. The prospective yield would then be around 4 per cent with a fully taxed p/e of around 13.

LONDON TRADED OPTIONS

Sept. 1, Total Contracts 1001. Calls 735. Puts 266.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	300	20	6	32	8	40	—	308p
BP (c)	320	10	1	22	1	—	—	"
BP (c)	330	—	—	—	—	30	1	"
BP (c)	350	6	2	12	20	—	—	"
BP (c)	360	—	—	—	—	20	1	"
BP (c)	410	1	—	3	1	—	—	"
BP (p)	280	5	4	12	—	18	—	"
BP (p)	300	13	3	18	—	26	1	"
BP (p)	350	46	—	48	1	—	—	"
CU (c)	160	18	2	19	3	24	—	168p
CU (c)	180	7	2	12	—	15	—	"
Cons. Gld (c)	500	37	15	60	—	72	—	516p
Cons. Gld (c)	550	12	25	35	2	47	2	"
Court'lds. (c)	60	7½	3	11	—	12	—	64p
Court'lds (c)	80	½	—	2	30	—	—	"
GEC (c)	750	78	4	110	1	133	1	804p
GEC (c)	800	40	51	73	—	98	2	"
Gr'd Met. (c)	200	15	32	23	26	28	—	201p
Gr'd Met. (c)	220	4½	3	14	19	17	5	"
Gr'd Met. (p)	180	4	—	6	5	8	—	"
Gr'd Met. (p)	220	23	10	25	2	26	—	"
ICI (c)	260	24	5	38	—	46	—	274p
ICI (c)	280	12	13	24	—	32	53	"
ICI (c)	300	5	—	14	—	19	2	"
ICI (c)	330	1	—	6	1	—	—	"
ICI (p)	260	5	—	9	3	14	—	"
ICI (p)	280	14	—	17	—	22	2	"
Mks & Sp (c)	130	13	1	17½	—	24	—	134p
Mks & Sp (c)	140	5½	7	10½	5	17½	—	"
Shell (c)	360	24	—	38	1	46	—	370p
Shell (c)	390	11	42	20	10	30	—	"
Shell (p)	330	3	—	3	3	—	—	"
Shell (p)	360	14	64	15	—	24	—	"
Shell (p)	390	30	—	32	—	40	10	"
Shell (p)	420	56	—	56	52	62	60	"
		November		February		May		
Barclays (c)	460	25	1	45	—	52	—	455p
Imperial (c)	60	6½	38	9	14	10	4	66p
Imperial (c)	70	3	10	3½	15	5	—	"
Lasmo (c)	600	24	—	45	3	60	—	539p
Lonrho (c)	80	7½	6	11	21	12½	—	85p
Lonrho (c)	90	3	4	5½	10	7	33	"
Lonrho (c)	100	1½	30	2½	41	—	—	"
Lonrho (c)	80	2½	15	4	—	4½	—	"
Lonrho (p)	90	9	14	10½	5	11	—	"
Lonrho (p)	100	19	10	18½	10	—	—	"
P & O (c)	120	5½	—	10½	4	12½	—	116p
P & O (c)	130	2½	5	4½	—	—	—	"
Racal (c)	390	93	20	110	—	—	—	465p
Racal (c)	460	38	21	60	—	73	—	"
Racal (c)	500	18	11	38	—	—	—	"
Racal (p)	500	48	—	58	2	—	—	"
RTZ (c)	600	42	—	74	—	80	5	579p

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	100	67	—	—	—	—	$422.50
GOLD C	$400	—	—	—	—	100	81	"
GOLD C	$425	3	28	—	—	—	—	"
GOLD C	$475	2	9	—	—	—	—	"
GOLD C	$550	2	2	—	—	—	—	"
GOLD P	$400	3	11	—	—	—	—	"
GOLD P	$450	3	31	—	—	—	—	"
		Oct.		Jan.		April		
AKZO C	F.22.50	30	2	110	4	—	—	F.23.60
AKZO C	F.25	351	0.80	17	2.40	—	—	"
AKZO C	F.27.50	17	0.30	80	1	10	1.90	"
AKZO P	F.22.50	—	—	63	1.20	—	—	"
AKZO P	F.25	105	1.70	—	—	—	—	"
AKZO P	F.27.50	—	—	110	4.20	—	—	"
HEIN C	F.45	16	2.20	—	—	—	—	F.45
HEIN C	F.50	14	0.90	32	2	—	—	"
HEIN C	F.55	40	0.30	—	—	—	—	"
HEIN P	F.45	10	2.80	—	—	—	—	"
HEIN P	F.50	10	5 A	—	—	—	—	"
HOOG C	F.17.50	18	1	—	—	—	—	F.16.60
HOOG C	F.20	13	0.40	—	—	—	—	"
HOOG P	F.17.50	10	1.20	—	—	—	—	"
IBM C	$60	10	¾	—	—	—	—	$55⅝
KLM C	F.100	68	8.80	—	—	—	—	F.100.50
KLM C	F.110	46	4.90	—	—	—	—	"
KLM C	F.120	58	2.50	—	—	—	—	"
KLM C	F.130	39	1.30	23	5.60	—	—	"
KLM C	F.140	—	—	33	3.40	—	—	"
KLM C	F.150	17	0.50	10	2.30	—	—	"
KLM P	F.80	46	0.80	—	—	—	—	"
KLM P	F.90	48	2.50	10	5	—	—	"
KLM P	F.100	125	5.60	—	—	—	—	"
KLM P	F.130	20	30.80	10	32	—	—	"
NEDL C	F.150	73	6.80	—	—	—	—	F.147
NEDL C	F.160	104	3	—	—	—	—	"
NEDL C	F.170	164	1.60	20	5.50	—	—	"
NEDL P	F.140	20	4.30	—	—	—	—	"
NEDL P	F.150	27	7	—	—	—	—	"
NEDL P	F.160	30	13	—	—	—	—	"
NATN C	F.120	10	3.10	—	—	—	—	F.116
NATN C	F.125	—	—	10	3	—	—	"
PHIL C	F.20	87	2.80	—	—	—	—	F.22.20
PHIL C	F.22.50	928	1.10	852	2.30	—	—	"
PHIL C	F.25	607	0.40	35	1.30	56	2 B	"
PHIL P	F.20	—	—	35	0.70	—	—	"
PHIL P	F.22.50	23	1.10	—	—	—	—	"
PHIL P	F.25	65	3	20	3.60	—	—	"
RD C	F.80	72	8.30	—	—	—	—	F.87.60
RD C	F.90	46	3	19	5.50	14	9	"
RD C	F.100	58	0.90	45	2.80	12	4.50	"
RD C	F.110	100	0.20	—	—	—	—	"
RD P	F.80	151	1.50	10	3.50	—	—	"
RD P	F.90	187	6.60	18	8	—	—	"
RD P	F.100	87	15	—	—	—	—	"
UNIL C	F.160	—	—	18	7	—	—	F.154.80
UNIL C	F.170	—	—	17	2.90	—	—	"

TOTAL VOLUME IN CONTRACTS 5977

A=Asked B=Bid C=Call P=Put

Trade Indemnity ahead

PREMIUMS WRITTEN on the three open underwriting accounts of Trade Indemnity in *the first half of 1981 totalled* £14.14m, an increase of 14.1 per cent on the comparable figure for the first half of 1980, says Mr P. R. Dugdale, the chairman.

The 1979 underwriting account at June 30, 1981, after making provision for all known claims, showed a credit balance of £1.54m. This compares with a credit balance of £2.7m on the 1978 account at the same stage a year ago.

The 1980 underwriting account at June 30, 1981, showed a credit balance of £979,862 after making provision for all known claims. The credit balance on the 1979 account a year ago was £1.71m. Both balances exclude the underwriting contingency reserve, which stood at £1.5m at the end of last year.

The interim dividend of this company, which writes credit insurance business both in the UK and overseas, is being increased to 2.365p net (2.2p) per 25p share. Last year a total of 6.34p was paid.

In the UK claims paid in the first half of 1981 on all three open underwriting accounts totalled £6.8m, an increase of 65.9 per cent on the first half of 1980. Claims payments at this high level continued into second half and, as yet, there is no sign of any abatement, Mr Dugdale says.

However, new business put on in the first half of 1981, measured in terms of estimated annual premium, showed an increase of 70 per cent on the first half of 1980. In its turn, the new business figures for the first half of 1980 were nearly double those of the first half of 1979.

Against the background of these difficult and uncertain times, there is every indication that demand for the company's services will remain at a high level for some time to come, Mr Dugdale concludes.

Key City Props. optimistic

Key City Properties, the Gibraltar based property investment and development company expects to make steady progress during the current year. The actual results will depend to a large extent on the profit on the sales of properties, says the chairman Ancrum Evans.

However, as good revenue balances have been built up, it is intended to at least maintain the dividend, although he considers this may be a conservative forecast.

The company's shares are currently dealt in on the London Stock Exchange under Rule 163 (2) (a). It hopes shortly to apply for dealings on the USM.

CONTROL SECS. CONVERSION

In respect of Control Securities' 8 per cent convertible unsecured loan stock 1989, £500,000 has been tendered for conversion as at August 31 leaving £500,000 still in issue.

GEC companies results

Four companies in the General Electric Company group have reported their results for the *year ended March 31, 1981 as follows:—*

English Electric — Sales £1.74bn (£1.49bn). Profit £220.7m (£193.9m) before tax £77.6m (£78.2m).

Associated Electrical Industries—Sales £436.3m (£407.3m). Profit £54.5m (£57.2m) before tax £19.5m (£17.2m).

GEC-Elliott Automation—Sales £514.71m (£441.41m). Profit £43.97m (£36.27m) before tax £14.24m (£7.3m).

Combined Electrical Manufacturers—Sales £13.93m (£9.33m). Profit £1m (£494,000) before tax £8,000 (£192,000).

GARTONS RIGHTS

Acceptances have been received in respect of 48.275 per cent of the 3.08m shares of Gartons offered in a 3 for 2 rights issue at 11p per share in July.

IN BRIEF

GEORGE INGHAM AND CO (HLDGS)—Turnover half year to June 30, 1981 £1,530,362 (£1,639,648). Retained profit £23,016 (loss £21). No UK tax charge.

WINTERBOTTOM ENERGY TRUST—Net asset value per ordinary share on August 31 was 84.5p after prior charges at par, and 87.3p after charges at market value.

DAVID S. SMITH (HOLDINGS) (packaging material manufacturer)—Results for year to April 30 1981 reported August 7. Fixed assets £401,904 (£460,658), current assets £3.72m (£3.88m) including cash and bank £1.27m (£0.65m), current liabilities £1.45m (£1.9m), shareholders' funds £1.98m (£1.63m). Meeting, Kingsley Hotel, Bloomsbury Way, WC, September 25 at noon.

F. H. TOMKINS (fasteners, nuts and bolts)—Results for May 3 1981 year reported July 28. Group fixed assets £1.77m (£2.82m), net current assets £4.73m (£8.62m), shareholders' funds £6.02m (£7.34m). Meeting, Great Barr, September 24, noon.

IMRY PROPERTY HOLDINGS—Results for year to March 31 1981 reported August 15. Properties £59.26m (£12.85m), other fixed assets £24,897 (£29,640), net current liabilities £3.01m (£1.61m) including cash and bank £93,368 (£534,561), bank loans and overdrafts £1.58m (£1.1m), shareholders' funds £51.7m (£4.03m), loan capital £8.1m (£8.16m). Meeting, Connaught Rooms, WC, September 22 at noon.

MERRYDOWN WINE—Results for year to March 31 1981 already known. Fixed assets £832,836 (£751,096), net current assets £440,714 (£465,504) including bank and cash £4,054 (£2,929), overdrafts £406,966 (£353,375), shareholders' funds £850,112 (£833,720), secured loans £423,458 (£382,860). Chairman states he is confident of a further recovery in the group's fortune. Meeting, Horam, September 28 at noon.

FITCH LOVELL (food group)—Results for year ended April 25 1981 already known. Group fixed assets £70.38m (£56.17m), shareholders' funds £55.56m (£51.2m). CCA pre-tax £6m (£9.19m historic). Meeting, Connaught Rooms, WC, September 24, noon.

VIBROPLANT HOLDINGS (plant hire)—Results for year ended March 31 1981 reported August 18. Fixed assets £14.11m (£13.85m), net current liabilities £82,862 (£43,259 assets). Shareholders' funds £11.18m (£10.57m). CCA pre-tax £961,000 (£1.92m historic).

NEW THROGMORTON TRUST—At September 1 net asset value per £1 of capital loan stock 316.49p.

Brammer still suffering from low trading levels

WITH trading in the first half of 1981 continuing at the relatively low levels of the last nine months of 1980, turnover of H. Brammer and Co. fell from £23.59m to £22.63m and pre-tax profits declined by £0.47m to £2.76m.

The net interim dividend is stepped up from 1.8p to 2p. Last year's final was 3.7p on profits of £5.88m, and Mr John E. Head, chairman, says recommendation of this year's final will take into account trading results for the full year.

He reports that as yet the directors do not detect any signs of recovery.

The company's establishment is structured to service the current level of demand in its market sectors, anticipating the "off-the-shelf" service that industry will require as it comes out of the recession, he states.

The balance sheet remains strong and the cash flow for the first half has been satisfactory, with cash balances and short-term deposits up by £1.1m to £5.3m.

First half taxable profits included interest received of £278,000 (£274,000) and were before tax of £1.25m (£1.3m). There was an extraordinary debit of £59,000 last year and, *with unrealised exchange gains* totalling £418,000 against losses of £114,000, the attributable balance is shown to be ahead from £1.76m to £1.94m.

Net earnings per 20p share are given at 6p (7.6p) and comparisons have been restated.

The company operates as a bearing and transmission equipment distributor and as a manufacturer of V-link belting and rubber products.

● comment

Brammer has turned in a respectable performance in the face of the collapse in demand for bearings and power transmission, which accounts for about three-quarters of its business. The company says demand declined from April to last September but has since remained at this lower level. With no sign of an upturn full-year profits of around £5m are in sight. The balance sheet has been strengthened with cash balances and short-term deposits up from £4.2m to £5.3m largely due to the unwinding of working capital. The company continues to look for acquisitions in the U.S. At 134p unchanged the shares are on a p/e of about 14, reflecting speedy recovery prospects once the economy picks up, and the prospective yield, assuming an unchanged final, is about 6 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Babcock International, Cement-Roadstone, J. Dewhirst, Guardian Royal Exchange Assurance, Marchwiel, Nu-Swift Industries, Phoenix Assurance, Sun Alliance and London Insurance, Weir Group, H. Woodward.

Finals—Whitworth Electric

FUTURE DATES

Interims—

English and New York Trust	Sept 8
Kleinwort, Benson, Lonsdale	Sept 22
Merchants Trust	Sept 14
Pearson (S.)	Sept 14
Peninsular & Orntl. Steam Nav.	Sept 9
Provident Financial	Sept 8
Stone-Platt Industries	Sept 3

Finals—

Consolidated Gold Fields	Sept 15
Harrisons Malaysian Estates	Sept 9
Haynes Publishing	Sept 11
Martin (R. P.)	Sept 10
Maynards	Sept 10
Mountview	Sept 10
Stewart Plastics	Sept 10

Invergordon down in first half

TAXABLE PROFITS of Invergordon Distillers (Holdings) declined from £2.11m to £1.81m in the first half of 1981 on sales well down at £9.92m, compared with £13.1m.

The directors say that in common with the rest of the industry turnover at the distilleries was severely affected by cutbacks in demand from major filling customers, although this was partially offset, in the company's own case, by an increased *contribution from the sale of* blended whiskies.

So far the second half of 1981 is continuing the trend and the directors warn that "if these poor trading conditions persist, little improvement in the rate of profit is expected for the remainder of the year."

However, the net interim dividend is being maintained at 1.5p—last year a total of 4p was paid from pre-tax profits of £4.37m (£4.18m).

The taxable surplus for the first half of the current year was struck after interest of *£485,000 (£533,000) and* was subject to tax of £360,000 (£240,000).

Stated earnings per 25p share emerged lower at 7.44p, against 9.6p.

At the attributable level profits slipped from £1.87m to £1.45m.

● comment

The key to Invergordon's full-year results will be its volatile blended whisky sales. Contracts from its major filling customers are taken for a 12-month period and new orders are well down on this time last year. At the interim the 24 per cent slump in sales was slightly softened at the pre-tax profits level as there was a proportionately higher contribution from fatter margin blended sales. Even so with most of the blended whisky being sold in the highly competitive overseas markets it is unlikely that the rise in this revenue will make up for shortfall from its traditional mainstay filling business. For the full-year profits are expected to be roughly in line with those earned in 1979, £4.2m. At 182p the shares are on a fairly general p/e of 17.5 and the prospective yield, assuming an unchanged final, is 3 per cent. Hawker Siddeley's purchase of the Carlton minority appears to have left unchanged the company's relationship with Carlton, which holds around 76 per cent of its equity.

YEARLINGS UP

The interest rate for this week's issue of local authority bonds is 14⅜ per cent, up an ⅛ of a percentage point from last week. The bonds are issued at par and are redeemable on *September 8, 1982.*

A full list of issues will be published in tomorrow's edition.

Compco better than expected

For the year to March 25 1981 Compco Holdings, the property investment and development group, has marginally beaten its midterm forecast, turning in pre-tax profit *of £333,953 against* £277,000.

At the interim stage, when an advance from £128,186 to £161,611 was reported, the directors said they expected second half results to be similar to those of the first.

Tax for the 12 months took £151,965 (£95,000). Earnings per 20p share are shown at 8.88p (same) and the dividend is raised from 1.6p to 1.95p net.

Good start by Hillards

A good start to the current year has been made by Hillards, the supermarket operator, and further increases in turnover should result in yet higher profits, Mr G. N. Hunter, the chairman, tells members in his annual statement.

For the 53 weeks ended May 2, 1981, pre-tax profits jumped 72 per cent from £2.23m to £3.84m, on turnover up 36 per cent to £162.82m—as reported August 4. The dividend is being increased to 5.25p (4.25p) net and a one-for-one scrip issue is also proposed.

At the year end, group shareholders' funds were ahead from £10.46m to £12.85m. Fixed assets were higher at £22.3m (£17.8m) while net current liabilities rose from £3.36m to £5.47m. Liquidity was up £316,000 (down (£2.1m).

Meeting, Ossett, September 28, 12.30 pm.

Midland Bank statistics

Statistics compiled by the Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in August was £272.8m, *more than three times the total* for last month.

Over 30 per cent of the funds raised were for use overseas, £40m of which was accounted for by three "bulldog" bonds for companies based in Japan.

The month included two £5m tranches of listed negotiable yearling bonds issued by the Nationwide Building Society—the first time a society has used the market. Fifteen companies raised £169.6m in the month, four-fifths of which came through rights issues.

MINING NEWS

'What boom' says CRA with profits down 84%

BY KENNETH MARSTON, MINING EDITOR

REPORTING an 84 per cent drop in 1981 first half earnings the Rio Tinto-Zinc group's major Australian mining arm, CRA, has hit out at complacency Down-Under arising from "the so-called resources boom."

"These emotive words conjure up a picture of immediate large profits, huge projects and renewed growth, at least for some sectors of the economy. That picture is a mirage," says CRA.

"There is the false impression of foreign buyers clamouring for Australian mineral products on any terms and conditions we impose. To many it thus seems appropriate to start now to share the spoils of this 'boom.'

"In fact, all Australia has is a limited number of energy related opportunities providing a resurgence of investment and some forward thrust for the economy.

"A nation which attempts to share out benefits before they exist must inevitably lose some opportunities for ever and defer others. Governments and all citizens need to understand this."

The recent Federal budget is criticised for its continued changes in mining taxation which hamper long-term planning in the industry, while the message is also intended to reach the ears of the labour unions.

Labour unrest coupled with low metal prices, high costs and the strength of the Australian dollar are factors cited by the CRA chairman, Sir Roderick Carnegie, in the fall in the A$3.2bn mining group's first-half earnings to A$16.02m (£9.95m) from A$100.03m in the same period of the previous year.

The 1980 total was A$175.2m before extraordinary items of A$18m.

The latest half year earnings equal 3.9 cents per share and CRA is cutting its interim dividend to 2.5 cents (1.6p) from 9 cents declared last time before the one-for-15 rights issue. The subsequent final dividend for 1980 was of 10 cents on the increased capital.

CRA says that the key to an improvement in the outlook for metals lies in the U.S. battle to control inflation and restore economic growth. Signs are encouraging, but expectations of the timing of the upturn now appear to have been delayed to the final quarter of this year or the first quarter of 1982.

"A slow recovery in world economic growth is indicated, although some metals might recover more positively because of supply and stock positions."

As far as the current half year is concerned, "with the present metal prices and exchange rates, the group's operating earnings will remain depressed." In Sydney yesterday, Sir Roderick reiterated this sombre forecast in more down to earth terms.

Meanwhile, CRA has completed a A$124m 10-year borrowing facility with a consortium of Australian banks which will help in the financing of new development projects. CRA also announces that its offer for Hamersley Holdings — which closes tomorrow — has so far raised its ownership of the iron ore giant to 93.5 per cent.

In London yesterday, the latest results lowered shares of CRA by 14p to 228p while those of Rio Tinto-Zinc fell 16p to 577p; the latter's holding in CRA has now fallen to 57.3 per cent from 61.1 per cent as a result of acceptances to the CRA share bid for Hamersley.

While there is no denying the severe impact of the world recession and domestic cost and labour pressures on CRA—the latest figures speak for themselves—the company's "no punches pulled" comments are clearly designed to provide a shock dose of realism for Australian home consumption.

They do not alter the fact that this major group with important existing and future mining developments has an impressive earnings potential for the years ahead. The current fall in the share price, and indeed, those of the other leading mineral producers, could provide a buying opportunity for investors with the longer term in mind.

Shaping Malaysia's tin giant

THE PROPOSED merger of Malayan Tin Dredging and Malaysia Mining Corporation to form the world's largest tin mining group appears to be very advantageous to MTD shareholders, while it enables the Malaysian authorities to advance strongly on their new economic policy, reports Wong Sulong from Kuala Lumpur.

If the full merger is completed, the net asset backing of the new group, to be renamed Malaysia Mining Corporation Berhad, will be 199 Malaysian cents (45p) per 10 cent share, compared with the present 78 cents net asset backing for MTD shares.

Circulars outlining the details of the merger were sent to shareholders yesterday and an extraordinary meeting of MTD shareholders is being called on October 10 to approve the deal. Trading of MTD shares will then resume after being suspended since January.

The valuation of MTD and MMC was based on past historical earnings, rather than earnings potential, according to Raja Bardol, MTD's chairman, and Mr Rahim Aki, MMC's chief executive.

Consequently potential earnings from MMC's stake in the enormous new Kuala Langat tin project, its stake in the Ashton diamond venture in Australia, as well as the value of its mining agreements with various Malaysian state governments, were largely ignored.

It was on that basis that the Malaysian Capital Issues Committee has ruled that MMC should get 271,240,000 MTD shares, instead of 238,300,000 shares as valued by Morgan Guaranty Trust in the deal.

The enlarged MMC Berhad will have a paid-up capital of 429.13m shares of 10 cents, with the Malaysian Government investment trust, Permodalan Nasional holding 56.6 per cent, Charter Consolidated 14.5 per cent, Datuk Keramat Holdings 3.8 per cent and the remaining 25.1 per cent with the public.

Mr Rahim said MMC had to forego its potential earning capacity because through the merger, Permodalan (which holds over 74 per cent of MMC) would have achieved a major target of the new economic policy by controlling a substantially enlarged company, capable of undertaking major mining ventures, both in Malaysia and abroad.

Because of fluctuating tin prices, the directors have refrained to project earnings, but assuming the new group had been in existence since January 1980, the pre-tax profit for the group for 1980 would be M$190m (£43m), giving earnings per share of 23.1 cents.

Ashton's diamonds

ACCORDING to Ashton Mining, which has a 38.2 per cent stake in the Ashton joint venture diamond project in Western Australia, mining of the Smoke Creek section's alluvial gravels has been postponed from this year until 1982 "for a number of reasons."

CRA which leads the venture with an interest of 56.8 per cent, says that the delay arises from legal and marketing problems. The remaining 5 per cent is held by Northern Mining which is currently the target of a takeover bid by Mr Alan Bond's Bond Corporation.

The venture's start of major production is not expected until 1985 and CRA has again stressed that it has not yet made any decision regarding the marketing of the diamonds. This is in response to reports that an agreement was near with De Beers Central Selling Organisation.

Such reports have aroused fears that the South African group would dominate Australia's diamond industry. The Australian opposition party's shadow minister for Minerals and Energy, Mr Paul Keating, has already raised questions in Parliament on the subject and has called for export controls on diamonds.

Ashton is also in the news because of a claim by the little known Afro-West Mining and Exploration disputing the joint venture's right to claims pegged in the area. CRA resists this contention and hopes to have the dispute resolved by the end of the year.

A total of 22,300 carats of diamonds from the major AK1 pipe at the venture have been assessed at an average value of U.S.$12 per carat. This tends to confirm previous expectations that the stones are at the lower end of the quality scale.

According to CRA, market investigations indicate that about 10 per cent of the diamonds recorded to date from AK1 may be termed gem quality; a further 20 per cent to 30 per cent could be near-gem, a category between industrial and gem which fluctuates depending on market conditions; while the remainder are of industrial quality and boart.

RUNDLE TWINS EXPLORING IN FRANCE

The French Government has granted Australia's Rundle "twins," Central Pacific Minerals and Southern Pacific Petroleum, a permit to explore for oil shale in Montcey, near Vesoul, 290 km south-east of Paris.

The permit covers an area of 132 sq km

BIDS AND DEALS

Midland Bank begins offer for Crocker

The Midland Bank has begun an amended tender offer to buy securities of Crocker National Corporation of the U.S. following recent Federal Reserve Board approval of its proposed $50 a share acquisition.

Midland is offering to buy for cash common stock and convertible securities of Crocker representing or convertible into a total of 6.5m shares.

At the same time it will purchae directly from Crocker 3m newly issued common shares at $90 per share which will raise its stake in Crocker to around 51 per cent.

Midland's amended tender offer is $50 per common share, $75 per share of three dollar cumulative convertible preferred stock, $33.50 per share of $2.1875 cumulative convertible preferred stock, and $1,136.36 per 1,000 principal amount of 5¼ per cent convertible subordinated debentures, due 1996.

Previously, Midland said it would tender for up to 6.5m shares at the lower of book value on June 30 or $50 per share. On July 31 last, Crocker had 15.74m shares outstanding on a fully diluted basis.

The offer expires on September 30, unelss extended.

Westminster Property sale in Portugal

Westminster Property Group has sold its Cerro Grande subsidiary's office building in Lisbon, Portugal, to the Department of the Ministry of Works of the Portuguese Government for 213m Escudos (around £1¾m) net. This has been used to repay related borrowings of approximately the same amount.

WPG, which ran into serious problems over its Portuguese development programme following the 1974 revolution, notes that the disposal of this property will result in a loss of 45m Escudos (approximately £375,000).

Cerro Grande's remaining asset is a 30-acre site at Albufeira in the Algarve, which will now be developed with finance arranged in Portugal.

The Board of WPG say that the valuation of this land, to be made as at September 30 next, will show a surplus which will cover the deficiency resulting from the disposal of the Lisbon office building. It should also cover the trading loss in Portugal arising from bank interest payable on the borrowings just repaid.

Durapipe gets 'unwelcome bid'

Wavin Plastics, a UK subsidiary of a company jointly owned by Shell and a Dutch water concern, has mounted a 27p per share cash bid for Durapipe International, the loss-making plastic pipe and extrusions manufacturer.

Durapipe said yesterday that "the approach is unwelcome." Shareholders are urged "to take no action."

The surprise offer by Wavin, described as "coming rather late in the day" by Durapipe, has come less than two weeks after Durapipe mounted a £2.1m fund-raising operation. The funds are to be raised through the issue at par of equal numbers of 8¼ per cent convertible redeemable preference shares and of 11¼ per cent redeemable preference shares of £1 each.

Of the total issue it is intended that £0.6m will be subscribed by Equity Capital for Industry and £1.64m of preference shares will be offered to exisitng holders by way of a rights issue underwritten by Equity Capital for Industry and Hill Samuel.

The underwriting is being shared as to £0.9m by Equity Capital and £0.74m by Hill Samuel.

Wavin, whose offer places a value of £2.7m on the entire equity of Durapipe, stressed that an important condition of its offer is that the proposed resolution relating to the issue of convertible and redeemable preference shares is not passed at the extraordinary meeting of Durapipe convened for September 14.

Wavin also said that its offer of 27p per share, compared with a market price yesterday of Durapipe 27 (up 8p), will not be increased.

If the offer is to go ahead shareholders of Durapipe are being asked to oppose the fund-raising resolutions.

Wavin is the UK subsidiary of Wavin BV, and is one of the largest plastics pipe manufacturers in Europe.

Wavin, which currently owns 470,000 ordinary shares in Durapipe (4.7 per cent which it acquired in November last year at a price of 25p per share), said that the acquisition "by an international group will greatly enhance Durapipe's trading opportunities in the future."

Warner stands firm against Churchbury

Sir Henry Warner, the chairman of Law Land who unsuccessfully headed attempts to resist a takeover bid from Churchbury Estates, has submitted his resignation to the Board and urged shareholders who have not accepted Churchbury's offer to hold out for a better offer. Churchbury has so far won control of just over 60 per cent of Law Land's ordinary capital.

Sir Henry says he intends to identify himself more closely with the other shareholders who have resisted the offer. "It is my opinion that a better offer will be made to us and this opinion is not likely to be changed by mere argument. The more strident the calls for our capitulation, the more valuable our position seems to be.

"A substantial number of private shareholders, as well as certain larger shareholders, also seem to think like this, so that more than 7m share remain in the minority. Providing most of these hold on, we cannot be forced to part with our shares."

Sir Henry says there are risks in remaining as a minority shareholder but he believed they were outweighed by the chances of receiving an improved offer in due course.

Letraset talks to suitors

Letraset, the graphics company which is facing rival take-over bids from Mills and Allen International and Esselte of Sweden, held talks yesterday with each of its suitors.

Letraset's executive board members are to meet at midday today to review these discussions and a statement to shareholders is likely to be issued afterwards, said Mr Bill Fieldhouse, Letraset's chairman.

Esselte, the Swedish office supplies and printing group, picked up some 10 per cent of Letraset's shares in the market last Friday and made a £60m cash bid for the company.

This was £10m higher than MAI's paper bid, announced on July 8 and twice extended, which has been vehemently rejected by the Letraset board.

Letraset closed yesterday at 142p; 2p higher on the day and 2p above the Esselte offer. At yesterday's closing price for MAI of 455p, down 13p, that company's bid was worth 114p per Letraset share and valued the company at £49m.

Rowman Investment Managers, the investment management subsidiary of Rowe and Pitman, sold 35,000 shares for a discretionary client at 139½p on Friday.

Profile of Esselte Page 22

Poor response to Beazer's Westbrick bid

C. H. Beazer, the property development and construction group, has received a small number of acceptances from shareholders of Westbrick Products, the Exeter-based brickmaker, for its 75p cash bid for Westbrick.

By the initial closing date of the offer last Friday acceptances had only been received from shareholders holding in total 0.29 per cent of Westbrick's equity. Beazer has extended the offer until September 15.

Acceptances for the offer amounted to only 12,707 shares. Beazer held 494,000 Westbrick shares (11.5 per cent) before the commencement of the offer period and has not acquired or agreed to acquire any Westbrick shares (other than under the terms of the offer) since the commencement of the offer period.

Beazer's interest in Westbrick, which is opposing the bid, together with acceptances amounts to 506,707 shares (11.82 per cent).

Simplicity undecided

Simplicity Pattern Company of the U.S. continues to study the terms of the proposed merger with NCC Energy. Mr Graham Ferguson Lacey, chairman of NCC and also chairman of the executive committee of Simplicity, had promised that the definitive merger agreement would be signed by the end of August.

Yesterday Simplicity announced in New York that it was still considering the merger and would meet again today in a reconvened board meeting. An announcement would be made following the meeting, the statement said.

In the London market NCC's share price continued to decline and closed 6p down at 102p. Mr Ferguson Lacey has said that the merger with Simplicity—a complex mixture of shares and warrants—would value NCC at no less than 150p a share.

LOW & BONAR IN £1.2M CASH DEAL

In a cash deal worth £1.2m, Low and Bonar has sold 80 per cent of the capital of London Hydraulic Power Co. to a group of interests headed by N. M. Rothschild and Sons.

London Hydraulic owns a 160-mile network of underground pipes beneath the streets of Central London. It has access and servicing rights to the network, which was used for providing water power, and subject to certain consents, can now put other items such as communications cables through the system.

Low and Bonar will retain the remaining 20 per cent interest in its former subsidiary.

THORNWOOD HAS 95.4% OF WIGHT

Thornwood Investments' offer for Wight Holdings not already owned by Thornwood has now been accepted in respect of 588,331 ordinary shares (85.53 per cent of the shares subject to offer).

As a result Thornwood's interest now amounts to 2.08m shares (95.43 per cent). The offer has been extended until further notice.

AMALGAMATED DISTILLED

Amalgamated Distilled Products has announced that acceptances have been received under the offers in respect of 223,100 ordinary shares of George Morton (99.2 per cent of the issued ordinary share capital) and 34,735 preference shares (92.3 per cent). The offers have, therefore, become unconditional as regards acceptances.

BARDSEY BUYS MORE RCF SHARES

Capel Cure Myers, official brokers to Bardsey, the quoted property company which is bidding for RCF Holdings, the Birmingham-based hand tools manufacturer, bought 451,660 RCF shares on behalf of Bardsey at 24p last Friday. The deal was worth around £111,000.

The RCF shares rose 10p to 28p when they returned from suspension on Friday after news that Bardsey was making a 24p per share cash offer. In Saturday's edition it was incorrectly stated that the rise took place before the offer was announced.

OFREX GROUP

On Friday, Cazenove and Co. purchased 10,000 Ofrex Group shares at 190p per share on behalf of Gallaher Investments.

APPOINTMENTS

Two new Vickers directors

Mr Derek J. Kingsbury, deputy chief executive of Dowty Group, and Mr John Raisman, chairman and chief executive of Shell UK, have been appointed non-executive directors on the main board of VICKERS.

★

Sir Ronald McIntosh has been appointed deputy chairman of APV HOLDINGS. He has been a non-executive director of the company since March 1981. From 1973-77 Sir Ronald was director general of the National Economic Development Office and a member of NEDC.

★

Mr P. J. Custis has been appointed to the main board of TURRIFF CORPORATION as a non-executive director. Mr Custis is director of finance of Guest Keen and Nettlefolds.

★

Mr G. S. O. Colthurst retired as a partner of de Zoete and Bevan, stockbrokers, on August 31, to look after family estates in Shropshire.

★

Mr Trevor Slater has been appointed managing director of FEDERATED ESTATES, the principal subsidiary of FEDERATED LAND. He is a director of the parent company and was previously commercial director of Federated Estates. Mr Raymond P. Pyne has been made a director and secretary of Federated Land and financial director of Federated Estates.

★

Mr Alan Pedder, development and marketing director of ICI FIBRES, has been appointed commercial director of the division responsible for selling all its major product in addition to all marketing. Mr A. F. Weller becomes business support and overseas director responsible for the division's relationships with government, the European Common Market and trade associations. He will represent the division in overseas associate companies.

★

Mr B. D. Rumgay has joined the Board of UNILEVER UK CENTRAL RESOURCES and will be responsible for the general management of the London head office in succession to Mr D. G. Paffard, who is retiring. Mr A. Sugarman succeeds Mr Rumgay as property controller.

★

Mr A. Pitcher has been appointed to succeed Mr F. K. Poulton as managing director of COLVERN. Mr Poulton retains his seat on the board of Welwyn Electronics, the parent company and a member of the Royal Worcester Group.

★

Mr Eric I. Cuthbertson has been appointed a director of the SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY.

★

Mr Peter James has been appointed senior manager, money market operations, LIBRA BANK.

★

Mr Bill Yuill has joined EUROSCOT MEAT (EXPORTS), Bathgate, as managing director. Mr Archie Murdoch becomes president of the group and Mr George Russell will be chairman and chief executive.

★

Mr P. J. Bentley has been appointed finance director of M. W. Marshall and Co., M. W. Marshall (Sterling), Saturn Holdings and William Street Investments, all members of MERCANTILE HOUSE HOLDINGS. Mr S. Fegel of Cosmorex in Zurich, Mr S. E. Moore, Lasser Marshall, New York, and Mr P. Muller of Cosmorex in Geneva have joined the board of M. W. Marshall and Co.

★

Mr Malcolm Wood has been appoined service director of COLMORE, a subsidiary of Nesco Investments.

★

Mr Peter Felton has been appointed deputy managing director of F. A. HUGHES AND CO., Epsom. He was previously commercial director. Mr James Edie joins the company as director responsible for the Jetin division.

★

Mr Colin T. Macnab, the present finance director of FORTH PORTS AUTHORITY, has been appointed managing director. He succeeds Mr John Sutton, who retires at the end of 1981. Mr Macnab takes up his new post on October 1 and Mr Sutton retains his position as a director of the Authority until the end of the year.

★

Mr Gwyn Jones, assistant managing director of W. AND E. TURNER, has been appointed managing director. He succeeds Mr Trevor Morgan, who is now totally committed to running Kendalls. The parent concern is J. Hepworth and Son.

★

Mr Peter Hart, a former executive director of ARC Southern, has joined the board of TARMAC ROADSTONE SOUTHERN as an executive director.

★

Mr John A. Morrell will join the London office of HENDERSON BARING MANAGEMENT as a director from November 1 and will become executive chairman of the company on January 1. Mr Jonathon Compton has been appointed a director of Henderson Baring Management, Hong Kong.

★

Mr Arthur Holden, director and manager Pembroke Refinery, has been appointed director, administration of TEXACO LIMITED. Mr Holden is a member of the board of Texaco Limited and of Texaco North Sea UK Company.

★

Mr Barry Lowe has been appointed a technical director of TROLLOPE AND COLLS MANAGEMENT, a member of the UK building division of Trafalgar House. Mr Lowe will lead the company's building services and environmental engineering department.

INTERNATIONAL COMPANIES and FINANCE

Sears, Roebuck to offer money market trust fund

BY PAUL BETTS IN NEW YORK

Sears, Roebuck and Co., the largest U.S. retailer with annual sales of more than $25bn, yesterday extended its already considerable presence in the U.S. financial services market by announcing plans to set up its own money market trust fund.

Money market funds, which offer small investors highly competitive returns, have become one of the most popular investment devices in the U.S. At the latest count, more than $140bn had been invested in such instruments which are being offered by an increasing number of financial services companies and investment banks.

But the entry of Sears will add a formidable competitor. At the same time, it reflects the dramatic changes taking place in the U.S. financial services and banking business, which in the past few months has witnessed a wave of takeovers of Wall Street investment firms by major public companies such as American Express and Prudential Insurance Company of America.

Sears said yesterday it planned to begin its money market trust later this year. The company's first money market fund will invest only in U.S. Government securities, including Treasury Bills, notes and other obligations maturing in one year or less.

The fund will enable small investors to take advantage of the higher yields offered by these Government securities compared with the U.S. securities available to small savers. This is because these higher yielding Government securities are only available in large denominations normally out of reach of the small investor.

Mr Edward Telling, chairman of the Chicago-based retailer, said yesterday that the fund would be called Sears U.S. Government Money Market Trust. He added that the fund reflected the company's long-term commitment to become a leading national supplier of consumer financial services.

The company added that it was preparing to file a registration statement with the Securities and Exchange Commission regarding the trust. The minimum initial investment by savers is expected to be $1,000 with additional investments in amounts of $100 or more. Sears said there would be no sales charge, and while the proposals initially call for deposits to be made by mail or wire, eventually savers will be able to make them through the network of more than 850 Sears retail stores.

This will give Sears an advantage over competitors by allowing it to capitalise on its highly visible and extensive presence throughout the country.

That Sears has initially selected only U.S. Government securities suggests it is seeking maximum appeal among small investors, who are traditionally conservative. Some mutual funds which offer a variety of higher yielding, but less secure, instruments have been criticised as too speculative.

Sears also announced other additions to its broad range of financial services.

"We are planning a major position in residential real estate brokerage and other services that are important to the sale of a home, including homeowners' insurance, mortgage origination, mortgage insurance and so on," Mr Telling said.

With the new tax law offering large income tax cuts, "working Americans are going to be in a position to save and in a mood to save. We are well-positioned to be part of that."

Mr Ernest Arms, a Sears official, said the mutual fund was "in the spirit of the company's recent restructuring." Sears was restructured at the end of last year to give it greater operational flexibility and to diversify more especially in financial services.

Although Sears is generally better known as a retailer—its catalogues played as major a role as any in the making of modern consumer America — it has diversified into insurance, real estate and other financial services. The recent restructuring has freed management to concentrate on strategic issues including diversification, Mr Telling said.

Sears has enjoyed increased retail sales lately but the group has built up a considerable stake in the financial services market.

Its Allstate Insurance group has about 10 per cent of the car and homeowner markets in the U.S. and is expanding in the life insurance sector. The credit group has 40m credit accounts of which it says close to 25m are active, with outstanding balances of $1bn at any one time. Sears also owns a savings and loan association in California with total assets of $3bn.

MASTERCARD MOVE

Mastercard International and Fidelity Management Group plan to introduce a new "money manager" account, combining banking, brokerage, mutual fund and bank card services. It is designed to compete with the high-return cash management services of brokerage and investment firms. Participating banks would automatically transfer excess cash in a holder's account to Fidelity for investment in a money market fund, *Reuter reports.*

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14. Closing prices on September 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¼ 86	75	87¼	87¾	−1½	−0⅞	16.54
CIBC 14½ 84	185	94⅞	95¼	−0⅞	+0⅛	16.96
CIBC 15⅝ 86	75	98	98½	−1¼	+0¼	16.38
CNA 15⅝ 96	75	89⅞	90⅜	−2⅜	−0⅜	17.08
CNE 12⅞ 91	100	80¼	80¾	−1½	−1	16.99
Citicorp Int. Fin. 15 86	150	95½	96	−1	−0⅜	16.30
Citicorp O/S 15½ 84	175	97½	98	−0¾	−0⅜	16.48
EEC 14¼ 93	65	89⅛	89⅝	−2⅛	−1	16.84
EIB 12¼ 89	75	83	83½	−1⅛	−0⅞	16.75
Eldorado 13¼ 86	50	89	89½	−1	−0⅛	16.73
Elec. de France 13 88	125	85¼	85¾	−1¼	−1	16.82
Fed. Bs. D. 15⅝ 84 (J)	40	98	98½	−0½	0	16.49
Fin. Exp. Credit 10½ 85	50	81¼	81¾	−1¼	−0⅛	17.42
Finland, Rep. of 9½ 86	100	76⅜	77⅛	−0⅞	−0⅛	17.18
Ford Cr. O/S Fin. 16 84	150	98⅞	99⅜	−0⅞	−0½	16.30
Ford Cr. O/S Fin. 16 85	150	96⅞	97⅜	−0⅜	−0¼	17.11
Gaz de France 13½ 86	80	89⅜	89⅞	−1	−0½	16.96
GMAC O/S Fin. 12⅞ 88	100	85½	86	−1¼	−0⅛	16.58
GMAC O/S Fin. 14⅜ 87	100	91⅞	92⅜	−1½	−0⅞	16.93
Genstar 14¼ 91	50	93	93½	−0⅞	−0¼	16.12
Hiram Walker 16 86	50	100	100½	−0½	−0¼	15.85
IBM Wld. Trade 12½ 88	200	89⅜	89⅞	−1⅜	−0½	16.08
IBM Wld. Trade 14⅜ 84	100	99½	100	−0⅞	±0⅛	14.79
IBM Wld. Trade 14⅞ 85	80	98⅛	98⅝	−1⅛	−0⅛	15.26
Nat. Bk. Canada 15⅞ 84	40	97⅛	97⅝	+0⅛	+0⅞	16.41
Newfoundland 13½ 90	60	85⅞	86⅜	−0⅞	−0½	16.62
Nova Scotia 15 91	75	92⅜	92⅞	−1¼	−0⅜	16.53
Ontario Hydro 13½ 91	100	86¼	86¾	−1⅛	−0½	16.35
Pacific Gas Elec. 16 88	75	100⅝	100⅝	−1⅛	−0⅜	15.88
PSNH Int. Fin. 17 86	30	97⅜	98⅜	−0½	−0	17.66
Queb. Hy. 13 91 (WW)	100	80¾	81¼	−2	−1⅛	17.15
Royal Bk. Canada 14 88	100	91⅞	92⅜	−1	−0¼	16.46
SNCF 13 91	75	84½	85	−1	−0⅞	16.27
Shell Canada 15⅜ 91	100	97½	98⅛	—	—	16.13
Sth. California 14 87	50	93½	94	−1	−0⅛	15.69
Sth. California 14¼ 88	50	93¾	94¼	−0⅞	−0¼	16.23
Sven Handlsbk. 13⅜ 88	45	88	88½	−1¼	−0½	16.75
Swed. Ex. Credit 13 86	75	86⅞	87⅜	−0⅜	−0⅜	17.38
Swed. Ex. Cred. 15⅜ 86	50	97⅝	98⅛	−0½	0	17.86
Toronto-Dom. Bk. 14 84	50	93½	94	−0¼	+0⅜	17.02
Tribune O/S Fin. 14 86	50	91⅜	91⅞	−0⅜	−0⅜	16.70
Wells Fargo Int. 15½ 84	50	97⅜	97⅞	−0⅞	−0⅛	16.54
World Bank 14⅜ 86	500	92¼	92¾	−0⅞	−0¼	16.71
World Bank 16 86	270	97⅝	98⅛	—	—	16.80
World Bank 16 88	80	97⅝	98⅛	—	—	16.48

Average price changes... On day −1½ on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	94½	95	−0⅞	+0¼	10.89
Austria Rep. of 8¾ 92	150	84¼	85	−1⅛	−1⅛	10.68
CECA 7⅞ 92	150	†84	84¾	−0½	−0¼	10.32
CECA 10 91	120	†97	97¾	−0⅞	−0½	10.43
CII-Honeywell 8⅜ 90	125	†84⅜	85⅜	−1⅛	−0⅜	11.16
Council of Europe 10 91	100	96½	97	−1¼	−1¼	10.53
EIB 8½ 90	200	87	87½	−0⅜	−0⅜	10.75
EIB 10½ 91	200	†98½	99⅜	+0⅜	+0⅜	10.67
ESCOM 9¼ 87	100	89⅜	89⅞	−0⅜	−0½	11.72
Finland, Rep. of 10 89	100	96	96½	−0¼	−0¼	10.72
Iberduero SA 9 90	100	†90	90⅞	−0⅜	−0⅜	10.72
Ind. Bk. Finland 8½ 90	50	†87¼	88	−0⅞	−0½	10.67
Int.-Am. Dv. Bk. 10 91	100	†95½	96¼	+0⅜	+0⅜	10.69
Japan Air Lines 8⅜ 87	100	89⅞	90⅜	+0⅞	+1⅛	10.34
Japan Dev. Bk. 7⅜ 87	100	87⅝	88⅛	+0¼	+0⅜	10.45
Kobe, City of 8 90	100	84⅞	85¼	−1½	−1	10.70
Midland Int. Fin. 8½ 90	180	87⅝	88¼	−0⅞	−0⅞	10.61
Nuclebras 9⅜ 88	100	†85¼	86½	−0⅜	−0⅜	12.85
OKB 8¼ 92	150	†80¾	81½	−3½	−3	11.36
Oslo, City of 8¼ 90	80	88	88½	−1⅛	−0⅜	10.92
Renault Acc. 10¼ 86	150	96⅝	97⅛	0	+0⅛	11.57
Venezuela, R. of 9¼ 90	150	93	93⅜	−0⅜	−0⅜	10.92
World Bank 8 90	700	83¾	84½	−1⅛	−0⅜	10.86

Average price changes... On day −0⅜ on week −0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aéroport Paris 6½ 91	60	*90⅞	90⅜	−0⅜	−1½	7.86
BFCE 6½ 91	100	*92⅝	92⅞	−0¼	−0⅛	7.59
Bayer Int. Fin. 5¼ 92	100	*87	87¼	−2⅛	−2	6.96
Belgelectric Fin. 7⅜ 91	100	*98¼	98½	−0⅜	0	7.98
Bergen, City of 6¾ 91	40	*97½	97¾	−0⅝	+0⅛	7.09
CECA 5⅜ 91	80	*94¾	95	−0½	−0⅞	7.51
Denmark 5¾ 90	80	*85	85¼	−0⅜	−1⅛	8.17
Dome Petroleum 5⅞ 91	100	*90	90¼	−2⅜	−3	7.22
Dome Petroleum 7¼ 90	100	*99⅜	100	−0⅜	−1⅞	7.27
Est. de France 5⅜ 90	100	*82⅝	82⅞	+0⅛	−0⅜	7.99
Eurofima 5⅜ 92	80	*†95	95½	0	−3½	6.36
Finland, Rep. of 5½ 90	80	*83⅝	83⅞	−8⅜	−0⅞	8.28
Franc. Petroles 6½ 91	60	*90½	90¾	−0⅞	−1⅝	7.92
Genstar 7 91	100	*99⅝	99⅜	−0⅞	−2	7.10
Int.-Amer. Dv. Bk. 7 91	180	*97	97¼	−0⅜	−1⅛	7.42
Japan Dev. Bank 5⅜ 90	100	*92	92½	−0⅞	−1	6.92
Mt. Blanc Tunnel 5½ 90	60	*†84	85	−0⅜	+0⅜	7.38
Nawag 5⅜ 90	80	*†89	89¼	−2¼	−2⅜	7.47
OKB 7 93	100	*97	97¼	−1⅛	−2⅜	7.37
Oslo, City of 5⅞ 90	80	*98½	98⅜	−1⅜	−1⅛	7.99
Philips Lamps 5⅞ 92	100	*85	85⅛	−1¼	−1⅞	7.27
Swed. Ex. Credit 7¼ 91	75	*94⅜	94⅝	−0⅜	−0¼	8.08
Trade Dev. Fin. 6⅜ 90	80	*†88	86½	+0½	−0⅜	8.35
Voest-Alpine 5⅜ 90	80	*84	84½	−1½	−0⅞	8.29
World Bank 6 91	100	*86	88½	−1⅜	−1⅜	7.79
World Bank 7 90	100	*98½	98¾	−1⅜	−1¼	7.21

Average price changes... On day −1 on week −1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	96⅝	97½	−0¼	−0⅜	8.69
Australia 6½ 88	20	84¾	85¼	−0⅜	−0¼	9.56
EIB 7⅜ 88	12	93	94¼	−0¼	−0⅜	8.90
Finland 6.8 88	10	84½	85	−0¼	−0½	9.86
Finland, Rep. of 8¼ 87	15	95⅞	96⅞	−0⅜	−0¼	9.20
New Zealand 8⅜ 87	15	96⅜	97⅜	−0⅛	0	8.99

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	†83	84	+0½	+0½	15.68
CIBC 13½ 85 C$	50	†90½	91½	−0½	0	16.88
CIBC 11½ 85 C$	60	†84½	85½	+0½	+0½	17.07
Federal Dev. 11½ 90 C$	80	†75½	76½	0	0	16.88
Fst. Can. Inv. 10 84 C$	50	†83	84	0	0	18.16
R. Bk. Canada 10 86 C$	40	†82½	84½	−0½	0	15.10
Toronto Can. 13½ 85 C$	30	†92	93	+1	+1	16.27
M. Bk. Dnmk. 9 91 EUA	25	†82½	83½	−3½	−3⅜	11.95

(Other straights, cont.)	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 8¼ 89 EUA	40	†80	81	−2⅜	−2⅜	12.32
U. Bk. Nwy. 9½ 90 EUA	18	†88½	89½	−2⅜	−2⅜	11.58
Algemene Bk. 10⅛ 86 Fl	80	92½	93	−0¼	−0⅜	12.40
Amro Bank 12 86 Fl	75	98⅜	99⅜	−0⅛	−0⅛	12.30
Heineken NV 10 87 Fl	100	90¾	91¼	−1⅛	−0⅞	12.25
Nat. Nadrindn. 10 88 Fl	60	93½	94	+0⅛	+0¼	11.40
Ned. Midd. Bk. 10 85 Fl	75	93¾	94½	−0⅞	−0⅛	11.99
Pierson 10⅛ 86 Fl	50	91⅝	92⅛	−0¼	+0⅛	12.68
Rabobank 12 86 Fl	50	98⅛	98⅝	−0⅛	0	12.44
Air France 14½ 86 FFr	200	89⅝	90⅜	−2½	−2½	17.89
Bk. America 14½ 86 FFr	250	89	90	−0⅜	−0⅜	17.92
Charb'nages 13⅞ 85 FFr	400	87⅛	88⅛	−1⅜	−1½	18.19
EIB 14⅛ 88 FFr	300	86⅜	87⅞	−0⅜	−0⅜	17.73
La Redoute 14⅜ 85 FFr	125	85⅜	86⅜	−0⅞	−0⅜	19.30
OKB 14 86 FFr	400	87⅛	88⅛	−1⅜	−1	18.19
Solvay et C. 14⅜ 86 FFr	200	90¾	91⅝	−1⅜	−1½	17.65
Swed. E. Cr. 14⅜ 88 FFr	250	85½	86½	−0⅞	+0⅛	19.38
U. Max. Sts. 14 85 FFr	150	86⅞	87⅞	−1½	−1⅛	18.91
Acona 14 85 £	20	92⅜	93⅜	−0⅜	+0⅜	16.39
Beneficial 14⅞ 90 £	20	83⅜	84⅜	−0⅛	−0⅜	17.85
BNP 13½ 91 £	15	85⅜	86⅜	−0¼	+0⅛	16.54
CECA 13½ 88 £	20	88¼	89	−0⅛	0	16.28
Citicorp O/S 13½ 90 £	50	89¼	90	−1⅛	−0⅞	15.75
Fin. Ex. Cred. 13⅞ 86 £	15	92⅞	92⅞	−0¼	−0⅛	16.11
Gen. Elec. Co. 12½ 89 £	50	85¼	86	−0⅜	−0⅜	15.86
Hiram Walker 14⅛ 86 £	25	92⅞	93⅜	−0⅜	−0⅛	16.36
Privatbanken 14½ 88 £	12	90½	91¼	+0⅛	+0⅛	16.82
J. Rothschild 14⅛ 90 £	12	92¾	93½	−0⅞	+0⅛	15.72
Royal Trustco 14 86 £	12	92¾	93½	−0¼	−0⅛	16.18
Swed. Ex. Cr. 13⅜ 86 £	20	92¼	93	−0½	+0⅛	16.08
Akzo 9¼ 87 LuxFr	500	88¼	89⅜	−0⅜	−0⅜	11.79
Euratom 9⅜ 88 LuxFr	500	86½	87½	+0⅛	+0⅜	12.83
Eurofima 10½ 87 LuxFr	500	88½	89½	−0⅜	−0⅜	13.21
EIB 9¾ 88 LuxFr	600	85⅜	86⅜	−0⅜	−0⅝	13.04
Volvo 9⅜ 87 LuxFr	500	85	86	−0½	−0½	13.28

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0⅛	98⅜	98⅜	16/12	16¾	17.03
BBL Int. 5 88	0¼	99¼	99⅜	20/11	18.31	18.43
BNP 5¼ 88	‡0⅛	99¼	99¾	28/10	18.81	18.91
Christiania Bk. 5½ 91	‡0¼	98½	99	5/11	19.19	19.43
Citicorp O/S Fin. 84	‡0	99⅜	99⅜	30/9	19.19	19.31
C. Itoh 5¼ 87	0¼	99¼	99¾	18/9	15.44	15.52
Co-operative Bk. 6 86	0¼	99½	100	15/11	19.56	19.61
Den Norske Credit 6 90	‡0¼	99	99½	5/11	19.19	19.33
Genfinance 5¼ 87	0⅛	99	99½	30/10	16.94	17.07
Genfinance 5⅞ 82	0¼	98⅞	99⅜	30/12	18.31	18.47
Giro und Bank 5¾ 91	‡0¼	98⅜	99⅜	23/9	19.06	19.28
GZB 5¼ 92	‡0¼	98	98½	5/9	17¼	17.56
Ind. Bank Japan 5¼ 88	0¼	99	99½	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0¼	96⅞	97¼	6/1	13⅞	14.03
Lloyds Eurofin 5⅜ 92	0¼	96⅜	98⅞	4/12	17.44	17.68
LTCB Japan 5¼ 86	0⅛	99¾	99⅝	13/12	17¼	17.36
LTCB Japan 5½ 89	0¼	99½	99¾	16/1	18.32	18.43
Man. Hanov. O/S 5¼ 94	‡0¼	98⅜	99⅞	30/11	19⅜	19.45
Merrill Lynch O/S 87	‡0⅛	100⅛	100⅝	9/11	19.06	18.99
Midland Int. Fin. 5¼ 92	0¼	96⅜	98⅞	6/12	17½	17.62
Midland Int. Fin. 8 91	0¼	98⅜	99⅞	30/10	16.81	17.05
Nacional Fin. 6⅜ 86	0¼	98⅞	99⅜	25/1	18¼	19.42
Nacional Fin. 5½ 88	0¼	97¼	97¾	26/9	14⅞	15.26
Nat. Bk. Canada 5¼ 88	0¼	98⅝	99¼	24/9	14½	14.66
Nat. West. 5¼ 94	§0¼	98⅛	98⅝	14/10	16.19	16.45
Nat. West. Fin. 5¼ 91	§0¼	98½	99	15/1	18⅛	18.35
Nat. West. Fin. 5⅜ 92	§0¼	98¼	98¾	23/10	16.81	17.07
Pemex 6 91	0¼	97⅜	97⅞	8/10	15.31	15.73
Societe Generale 5¼ 91	0⅛	98⅜	99¼	22/1	18⅞	18.81
Sparebanken 6 87	0¼	97⅞	98½	19/12	16.81	17.13
Svenska Hndlsbk. 5 87	0⅛	99	99½	15/1	18⅛	18.26

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅜ 96	7/81	933	88¼	89½	0	−1.54
Bow Valley Inv. 8 95	4/81	23.12	101	102½	−1½	16.25
Canon 6⅜ 95	1/81	829	169⅝	171⅛	−8¼	−2.83
Credit Suisse 4⅜ 93	10/79	1236	†94	96	0	7.17
Digicon Fin. 8½ 95	10/81	29.5	*†102	103	0	12.49
Fujitsu 5½ 96	7/81	732	†105⅜	106⅝	−2⅛	−0.75
Furukawa Elec. 5⅜ 96	7/81	300	†110¼	111¼	−3¼	−3.89
Hanson O/S Fin. 8½ 96	8/81	2.74	89	90½	−2	2.39
Hitachi Cred. Cpn. 5 96	7/81	1989	†89½	90½	+1	2.53
Ina Overseas 8⅜ 2000	4/81	42	97	98½	−2½	0.43
Inchcape 8 95	2/81	4.55	88	89½	+0¼	7.31
Kawasaki 5¼ 96	8/81	229	†98⅞	100⅛	—	−17.69
Mahon Int. Fin. 9 95	12/80	15.5	75	76¼	−2⅞	35.63
Marui 6 96	7/81	931	†89	90	+1½	1.88
Matsushita El. 7½ 95	11/80	590	85⅜	87⅜	−0⅛	−2.17
Murata 5⅜ 96	7/81	2190	†99	100	−3½	−5.01
NKK 6½ 96	7/81	188	†116½	117½	−2¼	40.48
Ricoh 6⅜ 95	8/80	604	†142½	144	−5⅞	−4.07
Sumitomo M. Ind. 7 95	2/81	181	†148½	149½	0	−2.20
Swiss Bk. Cpn. 6⅜ 90	9/80	200	†74½	76½	−0½	46.33
Taylor Woodrow 8⅜ 90	1/81	4.24	92	93⅜	−3⅞	6.84
Transco Int. 8⅜ 95	2/81	68	75⅜	77¼	−2	17.21
Tricorp 8½ 95	12/80	31.25	84⅜	86	0	27.06
Union Bk. Switz. 5 88	2/80	70.79	†72⅛	74½	−0⅝	11.88
Sharp Cpn. 6½ 88 DM	9/80	595	191¼	193	−7⅞	−4.28
Uny Co. 6½ 85 DM	11/79	870.3	110¼	111⅝	−4⅜	−4.60

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Bank of America to pull out of consortium

By Our Banking Correspondent

BANK OF AMERICA is pulling out of Societe Financiere pour les pays d'Outre-Mer (SFOM), a Swiss holding company with stakes in more than a dozen banks, mostly in French-speaking Africa.

As part of the deal Bank of America is taking over SFOM's controlling shareholding in the Kenyan-based Commercial Bank of Africa and it will retain an interest in the Geneva-based United Overseas Bank. The Kenyan bank, established in 1967, has three branches and had total resources of around $140m at the end of 1979. It has minority Kenyan shareholders.

Bank of America says its decision to withdraw from SFOM results from its strategy of seeking direct representation in selected African markets in order to service international customers more directly as well as to promote its business with local companies and governments in its own name.

SFOM was set up in 1962 to take over many of the stakes in African banks owned by Banque National de Paris (BNP). The latter, along with Bank of America, both owned about 35 per cent, and the balance was held by Banque Bruxelles Lambert of Belgium and Dresdner Bank.

The three remaining European partners say that they will continue their co-operation in SFOM, which has a long and successful history in Africa and which they regard as a natural link between their domestic and European activities.

Sharp falls in Eurobond markets

By Alan Friedman

PRICES IN the dollar, D-mark and Swiss franc sectors of the Eurobond market fell sharply yesterday as bond traders were afflicted by the gloom in Wall Street which sent New York prices down on Monday.

Eurodollar prices were marked down by an average of one point amid quiet trading. The market consensus was that there were few buyers and that many investors remained worried about Federal Reserve policies in the U.S.

In its first day of trading the European Investment Bank's $100m seven-year issue was quoted at 97¼ to 97¾, against its issue price at par. The issue carries a 16½ per cent coupon and yesterday's price suggests a yield of more than 17 per cent.

Bank Leumi (UK) announced an issue of $60m of seven-year floating rate notes for Leumi International Investment NV. The notes will bear interest at ¼ per cent over six-month London inter-bank rate and will carry a minimum coupon of 6 per cent. Investors will have the option of extending the maturity to 1991.

In the D-Mark sector prices fell by as much as ¾ point. Meanwhile, the World Bank launched a DM 100m private placement with an 11 per cent coupon through DG Bank. The 10-year issue is to be signed next Monday.

The World Bank issue is believed to have the highest coupon offered either in the public or private markets in West Germany. The previous record was a coupon of 10½ per cent last month from the Province of Quebec.

In the Swiss franc sector the expectation of higher interest rates combined with recent high inflation statistics to make a lacklustre market.

In Zurich, the price was set for the SwFr 100m Philips Lamp issue launched last Thursday. With a coupon of 7¾ per cent and an issue price of 99½, the 10-year bond offers a 7.32 per cent yield.

The subscription period does not close until Friday, but the Philips issue is receiving an unenthusiastic reception.

Allied accepted by Garfinckel

By Our Financial Staff

ALLIED STORES has won approval from the board of Garfinckel, Brooks Bros. Miller and Rhoades, for its increased $230m bid for the department store and specialty retailer.

Garfinckel directors had strongly rejected an earlier proposal valued at $208m, but by lifting its cash offer by $5 to $53 a share, Allied has been able to reach agreement.

The board of Garfinckel is to recommend the offer to shareholders and has assigned to Allied its right of first refusal on the roughly 21 per cent of the company held by Wickes Companies.

The company has also agreed not to sell any of its property or assets, as it had threatened to do when the initial offer was announced last month.

Swan tells shareholders not to act on Bond bid

BY GEORGE MARSHALL IN SYDNEY

SWAN BREWERY COMPANY, the Western Australian brewing group, yesterday gave preliminary advice to shareholders not to accept yet the A$121m (U.S.$140m) personal takeover offer from Mr Alan Bond, the Western Australian businessman.

After a four hour meeting attended by Mr Bond, the board issued a four paragraph statement to the Perth Stock Exchange saying the bid was under consideration and that shareholders should retain their shares until further advice was given.

Directors also said expert and independent advice is being sought to evaluate the offer of A$2.50 a share which Mr Bond announced on Monday.

Mr Bond was at the meeting to prepresent the stake held in the brewery by his major corporate vehicle, Bond Corporation, which has been a steady buyer of Swan shares for a year, acquiring slightly under 20 per cent of the capital. Bond Corporation is in turn 24 per cent controlled by Mr Bond.

In their statement to the Perth exchange, directors added that: "The board already holds profit and dividend projections which it believes should be made available to all shareholders and, *subject to the consent* of the National Companies' and Securities Commission, details of these projections will be released."

Mr Bond yesterday declined to discuss the offer leaving open to conjecture the reason that he chose to make a bid for the company himself, rather than through Bond Corporation, the natural resources and industrial group he controls.

Should the company decide to oppose the offer it would attempt to rally support among its traditional friends. These include Fraser and Neave, a major Singapore soft drink manufacturer which with Heineken Brewery controls Malayan Breweries, the sole Singapore brewer.

Fraser and Neave's group general manager, Mr Desmond Neill, is on Swan's board.

Interim recovery at Heineken

BY OUR FINANCIAL STAFF

A SHARP recovery in profits is reported by Heineken, the Dutch brewer, which yesterday unveiled a gain of 55 per cent in after-tax profits for the first half of 1981.

On sales almost a fifth higher at Fl 1.76bn ($620m), net profits have advanced to Fl 46.9m from the depressed level of Fl 30.3m returned for the opening six months of 1980.

The performance, which contrasts strikingly with last year when a poor summer and price controls badly dented earnings, has allowed Heineken to revise upwards its expectations for the whole of this year.

Earlier the company forecast unchanged earnings for 1981. The brewer is now confident of an increase on last year's net profits of Fl 83.1m.

Half-year trading profits are almost 40 per cent ahead at Fl 123.1m, compared to Fl 88.4m. The interim dividend is being maintained at Fl 1.50 a share. Last year's final was Fl 2.

Although European problems severely hampered Heineken's performance last year, it was also held in check in its important North American markets.

During the first half of 1980, beer shipments to the U.S., where Heineken is the best selling imported brand, fell sharply as distributors cut back on stocks.

Arabs lend more to Third World

BY OUR FINANCIAL STAFF

ARAB BANKS have greatly increased their lending this year to developing countries, including those which are neither oil producers nor politically aligned with the Arab world, according to figures compiled by Amex Bank, the London arm of American Express International Banking Corporation.

Total lending by Arab banks, which Amex defines so as to include European-based institutions with close financial links with the Arab states, rose by 78 per cent in the first seven months of this year to $4bn, compared with $3.8bn for the whole of 1980. Within this figure, $1.95bn went to non-oil developing countries in the form of issue lead managed or co-managed by Arab banks. As recently as 1976, Arab institutions were lending no more than 3 per cent of all their credits to these countries.

Despite this increase in the Arab banks' lending to developing countries, their exposure remains far below the market average of 20 per cent of international assets accounted for by this group of borrowers. U.S. banks, which account for 27 per cent of all bank assets in the Euromarkets, have made 28 per cent of all their loans to developing countries. This compares with about 23 per cent apiece for British and French banks, 22 per cent for West German banks and around 20 per cent for Japanese banks (although figures for the Japanese institutions are not published).

The Amex Bank study notes that while the U.S. banks' share of the Euromarket, at about $350bn, remains by far the largest, it has fallen by more than 10 per cent in the past five years without any other banking group increasing its share by more than 2 per cent. The study suggests, without reaching any value judgment, either that there is scope for other banks to increase their LDC lending, or else that they have reason not to match U.S. banks' exposure.

Volvo to invest $70m in U.S. trucks

By William Dullforce in Stockholm

VOLVO, the Swedish car and truck group, announced yesterday that it will invest over the next two years a sum equal to the $70m it paid for White Motor, to establish a new truck manufacturing subsidiary, Volvo White Truck Corporation, in the U.S.

Volvo took over the larger part of White Motor's assets under an agreement signed in June. The new company will manufacture and market in the U.S. medium and heavy trucks of the Volvo, White, Autocar and Western Star brands, according to Mr Sten Langenius, managing director of Volvo Trucks based in Gothenburg, Sweden.

The Swedish company has been selling its trucks in the U.S. since 1975 and is currently delivering them at the rate of about 1,500 a year. But it had had difficulty in reaching acceptable profitability in the U.S. and had concluded that local manufacture and assembly was necessary to reduce freight charges, Mr Langenius said.

The new company will possess two truck assembly plants at Dublin, Virginia, and Ogden, Utah, in addition to a plant manufacturing cabins in Orville, Ohio.

Railway buys airline stake

By Our Financial Staff

NORFOLK and Western Railway has acquired an 8.2 per cent interest in Piedmont Aviation, the south eastern U.S. regional *airline*.

However, Norfolk has been rebuffed in discussions held in July aimed at a merger of the airline and Norfolk and Western, a major U.S. coal hauling railway operator, it revealed in Securities and Exchange Commission filings. However, Norfolk intends buying a substantial holding in Piedmont, which has remained profitable despite the pressures on the airline industry in the past 18 months.

Piedmont said yesterday it still was not interested in a combination with Norfolk. Piedmont feels it is in the best interests of our company and our stockholders to remain independent.

INTERNATIONAL COMPANIES and FINANCE

U.S. mail order deal for Otto Versand

BY KEVIN DONE IN FRANKFURT

OTTO VERSAND, West Germany's second largest mail order group with annual sales of around DM 6bn, is to acquire the Chicago-based Spiegel mail order company, the fourth largest U.S. mail order house, in a deal worth an estimated $50m.

The acquisition is the first important move by a European mail order concern into the U.S. market and will make the privately-owned Otto group the world's second largest mail order company behind Sears Roebuck of the U.S.

Spiegel, which has been hit by weak sales and falling profitability, has been bought by Otto Versand from Beneficial Corporation of the U.S.

With mail order sales of $385m last year, Spiegel ranks fourth in the U.S. behind Sears Roebuck, J. C. Penney and Montgomery Ward. The acquisition by Otto will take effect from January 6, 1982.

West Germany has a highly developed mail order industry—mail order sales account for about 5.1 per cent of all retail sales in the Federal Republic—and Otto has been forced in recent years to look abroad for opportunities to expand.

It currently has a workforce in Western Europe of about 18,000 and the Spiegel takeover will add a further 3,200 employees. Spiegel's 1980 sales—including non-mail order activities — totalled about $412m, down from $426.8m in 1979, but its profits plummeted to $800,000 from $8.1m in the previous year.

Dr Michael Otto, the son of the founder of the Otto group, who took over the chairmanship in March last year, said yesterday that Otto Versand aimed to revitalise Spiegel's fortunes.

Forays by West German retailing groups beyond their own borders have not met with conspicuous success in recent years. Neckermann, Karstadt and Tengelmann have all run into difficulties with newly established foreign operations.

Downturn at Dyno Industrier

BY FAY GJESTER IN OSLO

DYNO INDUSTRIER, the Norwegian chemicals, plastics and explosives group, reports pre-tax profits of NKr 21.4m for the first half of 1981, NKr 23.9m lower than in the same period last year, despite a 6 per cent increase in gross operating income to NKr 894m. However, last year's first half figure was swollen by unusually high financial earnings and extraordinary income.

Dyno forecasts pre-tax results for the full year of about NKr 40m, against NKr 60m.

First-half setback for Dutch publisher

By Michael Van Os in Amsterdam

VNU, the Dutch publishing company, saw 1981 first-half net profits slump by 35 per cent to Fl 15.1m ($5.5m) from Fl 23.3m in the same half of last year.

Blaming adverse economic conditions, the board said in Haarlem, that there were no indications that turnover — up 5 per cent to Fl 603m in the first half almost solely as a result of acquisitions — would develop more favourably in the second half. Profits would therefore be down on the figure for June-December 1980 (Fl 23.9m).

The board noted that, apart from the impact of acquisitions, advertising turnover fell by 5 per cent in the first half. Book sales were down 9 per cent, although printing work for third parties increased by 9 per cent.

As a result of the high level of investments in 1980, depreciation and interest charges were substantially up in January to June.

VNU's operating result was down 27 per cent to Fl 26.8m and the net profit per share fell to Fl 6.40 from Fl 9.86.

● Amfas, the Dutch insurance group, has returned net profits of Fl 22.65 ($8.3m) for the first half of 1981, against Fl 22.22m.

William Dullforce, in Stockholm, explains the background to the recent bid for Letraset

Esselte's seven-year buying spree

ESSELTE, the Swedish group which has made a $106m offer for Letraset of the UK, has developed into a major force in international office supplies only over the last seven years.

In 1974 it was a printing and packaging company with a strong balance sheet, a market confined mostly to its home country, sales of SKr 1.3bn ($250m) and poor profitability. Today it is a multinational with a turnover of more than SKr 5bn, of which 55 per cent is realised outside Sweden.

It now has manufacturing and sales subsidiaries in 25 countries, is listed on the London Stock Exchange and operates its biggest, most profitable and fastest expanding sector, business systems, from a London office.

This quite remarkable transformation has been achieved under its present managing director, Mr Sven Wallgren, who from 1974 has persistently taken Esselte into foreign markets by judiciously selected takeovers.

The most important of these before the present bid for Letraset have been the buying of Bensons, the British manufacturer of ring mechanisms for binders, in 1975, the acquisition of Oxford Pendaflex of the U.S., a producer of filing and marking systems, a year later and the $62m takeover of Dymo Industries, also in the U.S. in 1978.

Dymo brought Esselte embossing tools and tapes and also the hand-held price-marking systems marketed under the Meto brand. It alone added SKr 650m to group sales in 1978-79.

The start for this expansion was the sale in 1974 of the Swedish paper mill owned by the company. This generated a tax-free capital gain of SKr 208m, increased the company's borrowing potential by about SKr 400m and created an extra liquidity reserve of around SKr 150m.

Esselte thus found itself with unused resources amounting to about SKr 550m compared with a stock market capitalisation at the time of around SKr 175m. Mr. Wallgren at this point outlined the following principles for expansion by acquisition:

Acquisitions should be more profitable and contain greater growth potential than the existing concern (this principle has since been overtaken by events and is certainly not applicable to Letraset). They had to increase the group's foreign sales. Esselte should remain within its "area of competence," and its dependence on contract manufacturing had to be reduced. Companies brought should have sharp technical or market profiles. Acquisitions should not carry any political risks.

Since 1980 Esselte has spent almost SKr 800m in buying companies, mostly foreign. The process has been continuous, entailing the purchase of many small companies in addition to the larger ones listed.

In its last financial year, a relatively calm one as far as takeovers were concerned, Esselte acquired 15 companies, most of them very small but which together added SKr 380m to group sales.

Because of Swedish foreign exchange regulations the foreign purchases have had to be financed by borrowing abroad. Group debt has grown accordingly but the balance sheet remains relatively strong.

No small part of Esselte's strength has been that it has bought profitable concerns or companies whose earnings potential has been enhanced by consolidation. It has also disposed of those parts of its acquisitions which did not fit into its own operations. Thus, Esselte recovered some $20m of the $62m it paid for Dymo.

Most of the foreign acquisitions have been grouped in the Business Systems division run from Buckingham Gate, London. In 1980-81 this division provided SKr.2.9bn of group sales of SKr.4.7bn and made an even larger contribution to operating income, SKr.263m out of SKr.365m.

Saga Petroleum strongly ahead

By Our Oslo Correspondent

SAGA PETROLEUM, the Norwegian oil group, almost doubled earnings from petroleum products in the first half of this year, to NKr 105.7m ($17m) from NKr 57.5m. However, Saga Petrokjemi, its petrochemical arm, turned in a loss of NKr 21.2m (including depreciation) compared with a profit of NKr 4.4m in the same period last year.

Earnings boost for Van Ommeren and Nedlloyd

BY OUR AMSTERDAM STAFF

TWO DUTCH shipping companies, Nedlloyd and Van Ommeren, have turned in improved results in the first six months of this year.

Nedlloyd saw net profits rise to Fl 69m ($25.3m) from Fl 52m with net profit per share going up to Fl 19.88 from Fl 15.99. The board said in Rotterdam that it expected the favourable profit development to continue in the current half year.

It added that business in the first half had benefited substantially from the strength of the dollar. Income from shipping and energy exploration continued to improve.

Van Ommeren's results continued the recent favourable trend. First half net profit increased to Fl 52.8m ($19.4m) from Fl 48.8m and the board said it "did not expect the full year's profit to trail those achieved in 1980."

Net profit per share rose to Fl 4.86 from Fl 4.71, and the interim dividend is unchanged at Fl 1 per share.

Shipping revenues showed a decrease but were more than offset by the improvement in tank storage activities. In shipping, currency changes had a favourable impact. Income in the trading and insurance divisions improved but still remained below expectations.

● Bank de Paris et des Pays-Bas has introduced guilder money market accounts to the Netherlands. The concept has been modelled after that of the money market funds available to investors in the U.S.

The account must have a minimum balance of Fl 5,000 and carries an introductory interest rate of 11.5 per cent.

AGA plans rights and convertible debt issues

BY WILLIAM DULLFORCE IN STOCKHOLM

A MAJOR financing exercise involving a rights issue and an offering of convertible debt is planned by AGA, the Swedish industrial gas and heat engineering group.

The new funds will underpin a major investment programme planned for the next few years as a result of the "very favourable" growth potential in the gas business, the company said yesterday.

The debt issue will raise the equivalent of $30m. At SKr 100 a share, the one-for-five rights offer will bring in SKr 140m.

First-half pre-tax earnings advanced by 7 per cent to SKr 175m ($33.6m) on sales of SKr 2.4bn, up by 11 per cent. However, adjusting for currency losses, caused primarily by the rise in the dollar rate, the figure slides to SKr 120m, against a comparable SKr 162m.

Anticipating total currency losses of around SKr 70m, AGA now expects 1981 as a whole to produce about SKr 300m after financial items, compared with the SKr 360m achieved last year.

During the half year the gas business boosted sales by 18 per cent to SKr 1.4bn and achieved an operating income after depreciation of SKr 215m, ahead SKr 57m. The profit improvement was particularly strong in Latin America and the U.S.

Group capital spending during the half year amounted to SKr 278m, of which SKr 194m went to the gas operations and SKr53m to Frigoscandia, the refrigerated storage and transport company.

Liquid assets available at the end of June totalled SKr 418m and borrowing in the six months rose by SKr 250m to SKr 1.7bn.

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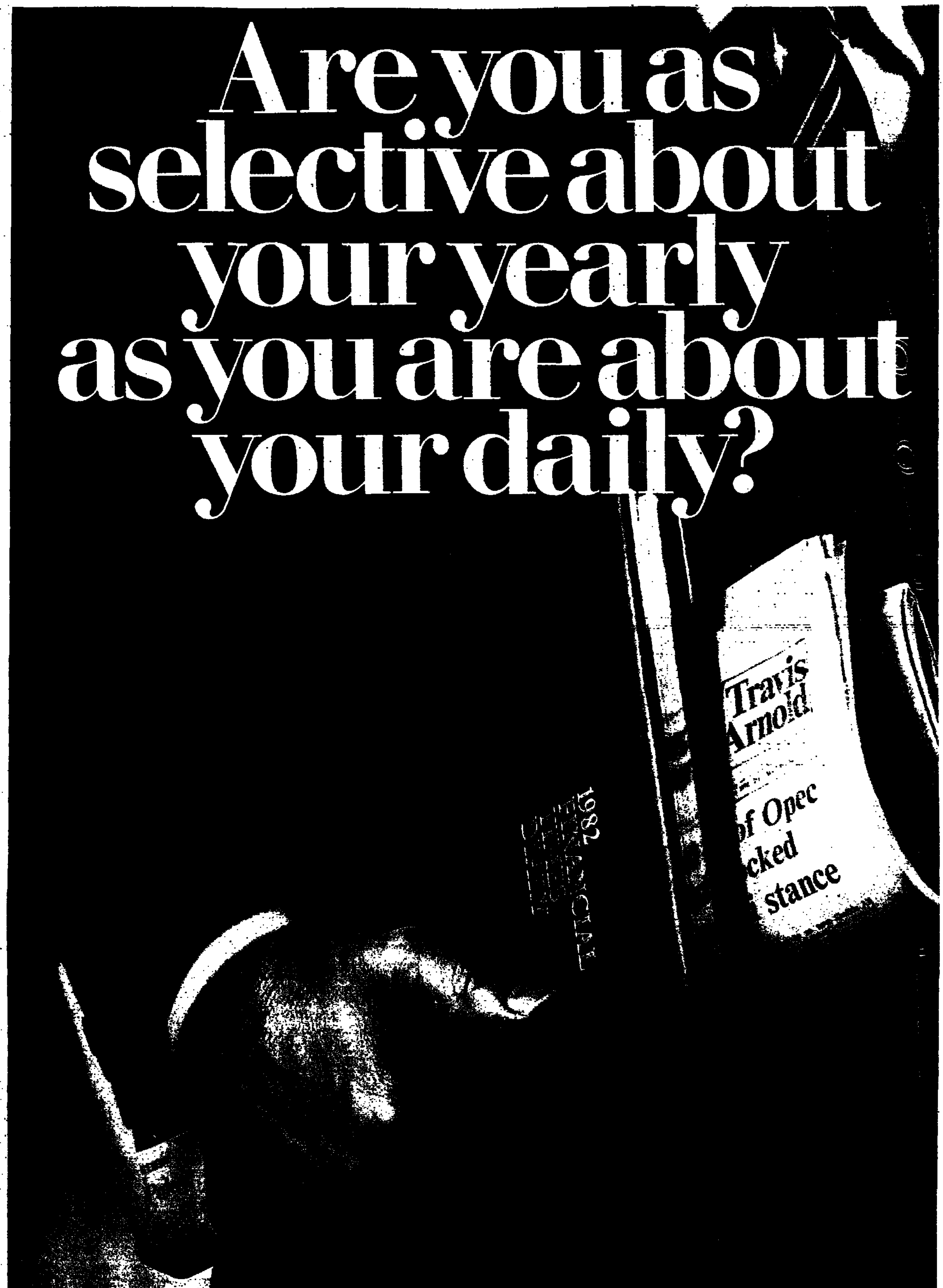

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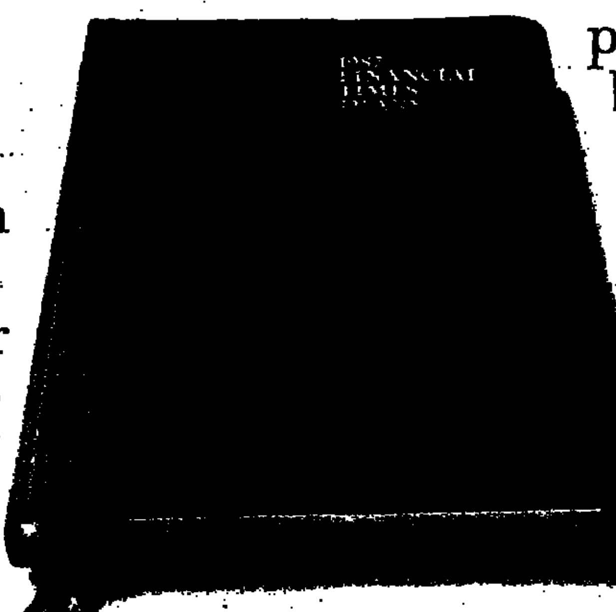

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FT 2.9.81

Malaysia imposes tougher gearing ratios on banks

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN authorities have imposed tough gearing ratios on banks — both local and foreign — in a move to ensure an adequate ratio between capital and deposits.

Foreign banks will have to bring in additional capital from abroad, and/or comply with the Government's new economic policy in restructuring their Malaysian operations to take in local, Bumiputra (Malay) partners.

In another move, the authorities have all but abolished the prime rate by allowing banks to charge a base rate for loans to non-priority sectors.

The new gearing ratio, announced by Bank Negara, the central bank, requires local banks to maintain a minimum ratio of four ringgit in capital for every 100 ringgit in deposits.

The gearing ratio for foreign banks is even tougher. They have to maintain a minimum of 6 ringgit in capital funds for every 100 ringgit in deposits. Bank Negara has given the banks until the end of this year to meet the requirements.

The central bank said it was concerned that in recent years, the growth of deposits has far outstripped the increase in capital, and this trend was undesirable.

Apart from the major local banks, which are controlled by government agencies, all the foreign banks and local banks have deposits well above the stipulated gearing ratios. More than 40 per cent of total bank deposits are with foreign banks.

The gearing ratio is also aimed at encouraging the smaller, Chinese-owned banks, to merge with the bigger ones, or to restructure in accordance with the new economic policy.

Most bankers feel they are unlikely to be able to meet the gearing ratio by the end of the year.

Downturn at Magnum offset by special gain

By Our Kuala Lumpur Correspondent

MAGNUM CORPORATION, the Malaysian lottery organisation, has reported a 9 per cent fall in pre-tax earnings to 15m ringgit ($6.4m) for the six months ended June, although sales were up by 37 per cent, to 316m ringgit ($134m).

However an extraordinary gain of 21m ringgit, compared with 455,000 ringgit in the same period of 1980, boosted net profit attributable to shareholders to 25.6m ringgit compared with 7.1m.

An interim dividend of 5 per cent has been declared on capital increased by a two-for-one scrip issue last year.

Magnum, which is part of the Multi-Purpose Holdings Group, has been one of the worst hit stocks in the current Malaysian and Singapore stockmarket falls, declining from a peak of nearly 13 ringgit in June to its current level of less than 4 ringgit.

Japan's oil industry faces mergers and cutbacks as exchange and interest problems mount. Charles Smith reports

Record losses seen by Japanese oil groups

JAPAN'S 12 major oil refiners and distributors are expected to lose between Y450bn and Y600bn ($1.96bn to $2.6bn) during the six months ending September 30 as a result of unfavourable exchange rates, high U.S. interest rates, and declining domestic demand. The losses would be by far the largest in the industry's history, although, in the aftermath of the first (1973) oil crisis nearly all the leading oil refiners suffered what were then regarded as extremely heavy losses.

The huge deficits now being incurred have started a debate about the future of the industry which could lead to mergers and capacity cutbacks in the next couple of years. In the more immediate future the problem for most of the oil companies is to reduce an excessive inflow of crude oil imports—much of it coming from high-priced Middle Eastern suppliers such as Iran, Iraq and Kuwait.

The oil industry appeared to be doing reasonably well in the 12 months ending last March, its last complete fiscal year. Operating profits totalled Y318bn. for the 12 companies. But a closer look at the figures shows that foreign exchange gains accounted for all of this and most companies would have been running at a loss if the yen-dollar rate had remained stable (instead of appreciating in the industry's favour.

The decline in the value of the yen which started early in 1981 and picked up speed from April onwards accordingly had a drastic effect on oil company balance sheets and is being cited as the main factor behind the current huge losses. A cheap, or rather cheapening yen hurts the industry because crude oil is paid for in dollars whereas income from the sale of refined oil products is in Japan's domestic currency.

Apart from the problem of sliding exchange rates, the oil companies have recently had to bear the burden of punitively high interest rates on the four-month "usance" credits which finance most of Japan's oil imports. These are dollar-denominated credits and carry the same levels of interest as would be charged on domestic U.S. loans or Eurodollar credits —about 20 per cent.

The companies would be paying far less in interest if Japan's oil imports were priced in yen instead of dollars, but the impact on the Tokyo foreign exchange market of suddenly switching some $5bn of monthly oil payments into yen is something that bankers and trading company men find unthinkable —to say nothing of the fact that oil exporting nations apparently want to continue getting paid in dollars.

Besides the extraneous factors of a declining exchange rate and "excessive" dollar interest rates, the oil industry has one big problem of its own —the steady decline in Japanese oil consumption. Domestic consumption hit a peak in 1978, the year before the second oil crisis, but slipped by 0.8 per cent in 1979 and by a remarkable 10 per cent in 1980 as the combined effects of Japan's economic recession, a highly successful energy saving campaign, and an equally successful campaign to switch energy consumption away from oil to other fuels all began to make themselves felt.

The Ministry of International Trade and Industry which tries to co-ordinate the importing and sales strategies of the various Japanese oil distributors originally estimated that oil demand in 1981 would stay at last year's levels. By early August however MITI had revised its forecast downwards —to an 8 per cent decline from the 1980 level.

Oil importers were already locked into import contracts based on the original prediction of a steady demand trend. The result was a record accumulation of stocks, to well over 100 days' supply, and a buyers market in which the hard pressed oil refiners tried, but failed, to make price increases that would have covered sharply higher crude oil purchasing prices.

Those worst hit were the seven companies which lack access to cheap Saudi Arabian crude through trading links with Aramco and have accordingly being paying roughly Y2,500 more per kilolitres for their imported crude than the companies linked to Aramco.

The desperate straits into which the industry had got itself by mid-summer led to a series of emergency debates within a body known as the Petroleum Advisory Council whose members include oil refiners, consumers and neutral experts and whose function is to advise the Ministry of International Trade and Industry on its oil policy. The Council was persuaded fairly rapidly to agree to an emergency 15 per cent cut in production throughout the industry carried out by "administrative guidance" from MITI to each of the main companies.

It reacted less favourably to a proposal that MITI should set standard prices for all oil products, although Japan's Petroleum Enterprise Law does provide for this to be done in emergencies.

While the Council was deciding on first aid measures discussions also began on longer term proposals for making Japan's oil industry more competitive and less sensitive to exchange and interest rate fluctuations. The proposals centre on the need to reduce excess competition in the industry by a series of planned mergers and on a parallel refinery scrapping programme that might reduce the industry's capacity by 10 to 15 per cent.

Neither programme looks like being at all easy to carry out given the complexity of the industry's structure which involves a baffling variety of interlocking shareholdings. In the last resort, however, financial necessity—or the sheer impossibility of funding further massive deficits—could force rationalisation.

The large extent to which Japanese oil companies depend on bank loans, rather than owned capital, increases the industry's vulnerability — though it also means that the banks have little choice but to help out in an emergency. As examples of this dependence: Maruzen, the biggest loss maker among the "non-aramco" companies, has outstanding debts 35 times the size of its paid up capital while the debts of Idemitsu Kosan are half those of the entire Royal Dutch Shell group.

The four international oil majors, Caltex, Exxon, Mobil and Shell, which are directly involved in the Japanese oil industry, can hardly avoid being caught up in the process of restructuring and rationalisation even though under Japanese law they are not allowed to hold majority interests in refining. For all four involvement in the industry has lost much of its original significance — as a means of ensuring a stake in what was originally a lucrative market for crude oil.

Today the majors account for less than half of Japan's crude imports with the balance coming from Direct Deal (DD) contracts signed between Japanese importers and oil producing countries. Their involvement as suppliers could shrink more in future but a variety of technological and other links seems to ensure that, whatever happens to the Japanese oil industry in future, some at least of the majors will continue to be involved.

PERFORMANCES COMPARED

	Operating Profits or Losses: April 1980 to September 1980	October 1980 to March 1981
	Y bn	Y bn
ARAMCO LINKED		
Nippon Oil	75.0	28.6
Esso Standard	22.8	19.7
General Sekiyu	21.7	4.6
Mobil Sekiyu	16.2	17.1
Toa Nenryo	24.8	38.8
Total	160.5	108.8
Total losses for period to September 1981 estimated at Y80bn		
NON-ARAMCO LINKED		
Maruzen Sekiyu	13.1	—41.8
Taikyo Sekiyu	1.4	— 3.3
Mitsubishi Sekiyu	33.1	—21.7
Kyodo Sekiyu	23.3	0.6
Idemitsu Kosan	28.3	—12.5
Showa Sekiyu	30.9	— 8.3
Kyushu Sekiyu	7.4	— 1.3
Total	137.5	—88.3
Total losses for period to September 1981 estimated at Y390bn		

Source: Ministry of International Trade and Industry

CURRENCIES, MONEY and GOLD

Dollar steady

Dollar showed little change from overnight levels in New York in fairly quiet European trading, but was generally firmer than the closing levels in London on Friday. There was a firmer trend in Eurodollar interest rates, but this was offset by news that the Swiss National Bank had raised its discount and Lombard rates by 1 per cent to 6 per cent and 7½ per cent respectively. An unchanged prime rate of 20½ per cent from Citibank, following Chase Manhattan's cut to 20 per cent on Monday, helped to underpin the U.S. currency.

Sterling weakened from its closing level in London on Friday, but was only slightly lower than Monday's finish in New York.

European currencies were helped by the news from Switzerland, particularly the Swiss franc and D-mark, but there was little change within the European Monetary System apart from a slight firming of the French and Belgian francs.

DOLLAR — trade-weighted index (Bank of England) rose to 111.4 from 111.2 on Friday. The U.S. currency fell to DM 2.4512 against the D-mark from DM 2.4520 (DM 2.4610 New York Monday), but rose to FFr 5.8850 from FFr 5.8625 against the French franc, and to SwFr 2.1575 in terms of the Swiss franc from SwFr 2.1300 (SwFr 2.1590 New York Monday), and to Y231 against the yen from Y229.15 (Y231.92 New York Monday).

STERLING — trade-weighted index (Bank of England) fell to 91.0 from 91.3, after opening at 91.0 and falling to 90.8 at noon. The pound opened at $1.8400-$1.8410 and touched a peak of $1.8430-1.8440 before falling sharply to $1.8275-1.8285 in the morning. It almost touched $1.8400 again in the afternoon, but closed at $1.8330-1.8340, a fall of 1.55 cents from Friday, but only 15 points lower than the New York close on Monday.

D-MARK — The most consistently strong member of the European Monetary System, despite a softer tone against the dollar. It fell sharply to a five-year low against the U.S. currency before a wave of dollar sales improved the situation. But expectations that U.S. interest rates will remain high for some time to come has once again led to a strengthening of the dollar against the D-mark and other major currencies—The D-mark recorded mixed changes at the Frankfurt fixing, improving against sterling and the Swiss franc, but losing ground to the dollar and Japanese yen. The Bundesbank did not intervene when the U.S. unit was fixed at DM 2.4580, compared with DM 2.4290, and probably was not active on the open market. In the afternoon the dollar was little changed at DM 2.4535, showing hardly any reaction to the West German trade figures, but supported by a firming of Eurodollar interest rates. Sterling fell to DM 4.5040 from DM 4.5210 at the fixing, while within the EMS the French franc rose to DM 41.79 per 100 francs from DM 41.7650.

JAPANESE YEN — Weaker against the dollar in recent months because of the sharp rise in U.S. interest rates, but still underpinned by Japan's strong economic performance—The yen lost ground to the dollar in moderate Tokyo trading, but improved from its opening level. The U.S. currency rose to Y231.05 from Y228.75, after opening at Y232.00 the day's high. In early trading the dollar fell to Y231.50, and remained around that level for some time, before moving lower on persistent selling. Dollar sales on a major scale were also reported from Hong Kong and Singapore. The firm opening level reflected the statement by Mr Paul Volcker, chairman of the Federal Reserve Board, repeating the need for firm monetary policy.

THE POUND SPOT AND FORWARD

Sept 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8275-1.8440	1.8330-1.8340	0.73-0.83c dis	−5.10	2.22-2.32dis	−4.95
Canada	2.1970-2.2130	2.2070-2.2080	1.55-1.85c dis	−8.70	4.30-4.45dis	−7.93
Nethlnd.	4.99-5.03	4.99½-5.00½	¼-¾c dis	−0.90	⅛-⅞ dis	−0.30
Belgium	73.50-73.85	73.70-73.80	44-54c dis	−7.97	123-133 dis	−6.94
Denmark	14.05-14.13	14.05½-14.06½	7¾-9ore dis	−7.15	16½-18 dis	−4.91
Ireland	1.2300-1.2385	1.2330-1.2345	0.42-0.54p dis	−4.67	1.06-1.20dis	−3.66
W. Ger.	4.49-4.53	4.50-4.51	¼-¼pf pm	1.33	1½-1¼ pm	1.33
Portugal	120.70-122.20	121.10-121.40	65-95c dis	−7.92	185-385 dis	−9.40
Spain	180.30-182.20	180.40-180.60	85-115c dis	−8.65	265-320 dis	−6.48
Italy	2,244-2,256	2,249-2,251	40½-42½lire dis	−22.13	115-118dis	−20.71
Norway	11.17½-11.24½	11.19-11.20	1¼ore pm-¼ dis	0.47	2¼-1¼ pm	0.60
France	10.75-10.82	10.78½-10.79½	14½-15½c dis	−16.68	37-39 dis	−14.09
Sweden	9.58-9.63	9.61-9.62	1½-1⅞ore dis	−1.87	2½-3½ dis	−1.25
Japan	420-427	423-424	2.55-2.25y pm	6.80	6.90-6.60 pm	6.33
Austria	31.55-31.72	31.62-31.67	6½-1½gro pm	1.52	12-2 pm	0.88
Switz.	3.94-3.97	3.95-3.96	1⅞-1¼c pm	4.93	4½-4 pm	4.30

Belgian rate is for convertible francs. Financial franc 79.70-79.80. Six-month forward dollar 4.24-4.34c dis. 12-month 6.80-7.00c dis.

THE DOLLAR SPOT AND FORWARD

Sept 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8275-1.8440	1.8330-1.8340	0.73-0.83c dis	−5.10	2.22-2.32dis	−4.95
Ireland†	1.4830-1.4900	1.4855-1.4875	par-0.10c dis	−0.40	0.42-0.52dis	−1.26
Canada	1.2015-1.2039	1.2036-1.2038	0.38-0.43c dis	−4.04	0.93-0.98dis	−3.17
Nethlnd.	2.7220-2.7325	2.7220-2.7250	1.08-0.98c pm	4.53	3.26-3.16 pm	4.71
Belgium	40.10-40.30	40.22-40.24	8-16c dis	−3.43	18-25 dis	−2.14
Denmark	7.6800-7.7000	7.6600-7.6700	1¼-1½ore dis	−2.15	0.20-0.30dis	−0.13
W. Ger.	2.4475-2.4650	2.4507-2.4517	1.33-1.27pf pm	6.39	3.73-3.67 pm	6.04
Portugal	66.08-66.45	66.08-66.28	10-45c dis	−4.99	25-125 dis	−4.53
Spain	98.25-98.60	98.30-98.35	10-20c dis	−1.83	35-50 dis	−1.73
Italy	1,224-1,231	1,227-1,228	17-19lire dis	−17.57	47-50 dis	−15.78
Norway	6.0950-6.1170	6.0950-6.1050	3-2½ore pm	5.41	8½-8 pm	5.41
France	5.8800-5.8900	5.8825-5.8875	6-7c dis	−13.27	12-14 dis	−8.85
Sweden	5.2300-5.2470	5.2300-5.2400	1.55-1.35ore pm	3.33	4.95-4.75 pm	3.71
Japan	230.10-231.70	230.95-231.05	2.20-2.05y pm	11.04	6.40-6.25 pm	10.95
Austria	17.18-17.26¼	17.22¼-17.23¼	10-8½gro pm	6.43	26-22 pm	5.56
Switz.	2.1450-2.1640	2.1570-2.1580	1.81-1.71c pm	9.79	5.12-5.02 pm	9.40

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 1	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.0	−32.5
U.S. dollar	111.4	+ 4.4
Canadian dollar	88.6	−16.9
Austrian schilling	111.2	+22.5
Belgian franc	104.8	+9.1
Danish kroner	85.8	−11.0
Deutsche mark	116.1	+38.5
Swiss franc	132.8	+79.7
Guilder	107.9	+14.4
French franc	81.9	− 12.0
Lira	57.0	−55.9
Yen	141.3	+36.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	..	0.614774	0.555164
U.S. $	14	1.12934	1.02235
Canadian $	21.07	1.35690	1.23150
Austria Sch.	6¾	19.5455	17.6608
Belgian F.	13	45.6027	41.1694
Danish K.	11	8.71850	7.86379
D mark	7½	2.78552	2.51135
Guilder	9	3.09496	2.78995
French Fr.	9½	6.68682	6.02615
Lira	19	1391.63	1258.49
Yen	6¼	260.200	235.541
Norwgn. Kr.	9	6.91608	6.23624
Spanish Pts.	8	111.618	101.078
Swedish Kr.	12	5.93581	5.36981
Swiss Fr.	3	2.42469	2.18626
Greek Dr'ch.	20½	-	61.7336

OTHER CURRENCIES

Sept. 1	£	$		£ Note Rates
Argentina Peso	9938-9958†	5317-5337†	Austria	31.50-31.90
Australia Dollar	1.5970-1.6010	0.8720-0.8725	Belgium	79.10-79.90
Brazil Cruzeiro	186.95-187.95	102.18-102.69	Denmark	14.03-14.18
Finland Markka	8.36-8.37	4.5560-4.5580	France	10.72-10.87
Greek Drachma	108.174-111.488	59.90-60.10	Germany	4.47½-4.52½
Hong Kong Dollar	10.909-10.919	5.9460-5.9500	Italy	2210-2275
Iran Rial	149.60*	81.25*	Japan	422-427
Kuwait Dinar (KD)	0.516-0.522	0.2837-0.2840	Netherlands	4.97¼-5.02¼
Luxembourg Fr.	73.70-73.80	40.22-40.24	Norway	11.16¼-11.26¼
Malaysia Dollar	4.35-4.36	2.3700-2.3720	Portugal	118½-127½
New Zealand Dlr.	2.2110-2.2160	1.2070-1.2080	Spain	174½-186½
Saudi Arab. Riyal	6.25-6.29	3.4205-3.4225	Sweden	9.57-9.67
Singapore Dollar	3.9650-3.9750	2.1615-2.1635	Switzerland	3.94½-3.98½
Sth. African Rand	1.7325-1.7345	0.9450-0.9460	United States	1.82½-1.84½
U.A.E. Dirham	6.69-6.75	3.6715-3.6735	Yugoslavia	75-77

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,567-13,607 and for the dollar 7,400-7,450. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.1043	+0.75	+1.07	±1.5361
Danish Krone	7.91917	7.86154	−0.73	−0.41	±1.6413
German D-Mark	2.54502	2.51065	−1.35	−1.03	±1.1386
French Franc	5.99526	6.01161	+0.27	+0.58	±1.3638
Dutch Guilder	2.81318	2.78949	−0.84	−0.52	±1.5159
Irish Punt	0.685145	0.688035	+0.42	+0.74	±1.6888
Italian Lira	1262.92	1256.35	−0.52	−0.52	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 1	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.834	4.508	423.5	10.79	3.955	5.000	2250.	2.208	75.75
U.S. Dollar	0.545	1.	2.457	231.0	5.885	2.157	2.727	1227.	1.204	40.22
Deutschemark	0.222	0.407	1.	94.01	2.395	0.878	1.110	499.4	0.490	16.37
Japanese Yen 1,000	2.361	4.329	10.64	1000.	25.48	9.339	11.81	5313.	5.213	174.1
French Franc 10	0.927	1.699	4.175	392.5	10.	3.665	4.634	2085.	2.046	68.35
Swiss Franc	0.253	0.464	1.139	107.1	2.728	1.	1.264	568.9	0.558	18.65
Dutch Guilder	0.200	0.367	0.901	84.70	2.158	0.791	1.	450.0	0.442	14.75
Italian Lira 1,000	0.444	0.815	2.002	188.2	4.796	1.758	2.222	1000.	0.981	32.78
Canadian Dollar	0.453	0.831	2.041	191.8	4.888	1.792	2.265	1019.	1.	33.41
Belgian Franc 100	1.356	2.486	6.108	574.2	14.63	5.363	6.780	3051.	2.993	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 1)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 11/16	offer 18 15/16	bid 18 3/4	offer 18 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¾-13	17¼-17½	22-24	13⅝-13⅞	1¼-1¾	11⅞-12⅛	22-27	18-23	12¾-15⅝	7½-8
7 days' notice	13-13¼	17½-17¾	22-24	13⅝-13⅞	4¼-4¾	12-12⅛	24-28	30¼-34¾	15-19	7⅛-7⅜
Month	13⅝-13⅞	18-18¼	21⅞-22¼	13⅞-13⅞	8¾-8⅞	12⅛-12⅜	29-31	34-35½	20½-22¼	7⅛-7⅜
Three months	14-14⅛	18¾-19	21¾-22⅛	13⅞-13⅞	9⅛-9⅜	12⅝-12⅞	28-29½	35-36	20½-21¼	7⅜-7⅝
Six months	14⅛-14⅜	18¾-19	21-21⅝	13⅞-13⅞	9⅛-9⅜	12⅝-12¾	24½-26	32½-33½	19⅞-20⅜	7⅜-7⅝
One Year	14¼-14⅜	18¼-18⅝	20⅛-20½	13¼-13⅝	8⅞-9⅛	12⅜-12½	22½-24	30⅛-31½	18⅝-19⅛	7⅞-8⅛

SDR linked deposits: one-month 16⅞-16[illegible] per cent; three-months 16½-16⅞ per cent; six-months 16[illegible]-16[illegible] per cent; one-year 15¾-16⅛ per cent.
SCU linked deposits: one-month 18[illegible]-18[illegible] per cent; three-months 18[illegible]-18[illegible] per cent; six-months 17[illegible]-17[illegible] per cent; one-year 16[illegible]-16[illegible] per cent.
Asian $ (closing rates in Singapore): one-month 17⅞-18⅛ per cent; three-months 18½-18⅝ per cent; six-months 18½-18¾ per cent; one-year 18-18¼ per cent.
Long-term Eurodollar two-years 17½-17⅞ per cent; three-years 17⅛-17⅜ per cent; four-years 16⅞-17⅛ per cent; five-years 16¾-17 per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.10-18.20 per cent; three-months 18.50-18.60 per cent; six-months 18.50-18.60 per cent; one-year 18.00-18.10 per cent.

MONEY MARKETS

Adequate supply

London clearing banks base lending rates 12 per cent

Short-term interest rates showed an easier trend in the London money market yesterday, following relatively comfortable credit conditions. Payment of Petroleum Revenue Tax had led to fears of very tight short-term money, and a firm trend in seven-day interbank money last week, but the tax payments were virtually balanced by various offsetting items, and seven-day funds fell to 12⅞-13⅛ per cent at the close from an opening level of 13¼-13½ per cent. Overnight money touched 14-14¼ per cent in early trading, but eased to 12½-13 per cent on the Bank of England morning forecast of a market shortage of only £50m. The net balance of Exchequer transactions was −£1bn, according to the forecast by the authorities, although market sources suggested that most of the expected £2bn PRT was paid yesterday, but was offset by other factors including £½bn of Certificates of Tax Deposit and maturing Treasury bills.

The official forecast suggested that maturing Treasury bills outweighed the market take-up of bills by a net +£980m, while the market was also helped by a fall in the note circulation of +£60m.

There was no intervention by the authorities, and day-to-day money finished very easy at 5 per cent in the interbank market, although discount houses balanced their books too early to take advantage of the late fall, and paid 11¾-12¼ per cent for money throughout.

In Zurich the Swiss National Bank raised its discount rate by 1 per cent to 6 per cent and its Lombard rate by 1 per cent to 7½ per cent. These are record levels for both rates, and emphasise the intentions of the authorities in maintaining a tight monetary policy.

In Amsterdam the Dutch central bank told the money market that it will open tenders tomorrow for a 14-day special advance beginning Thursday and carrying an interest rate of 13½ per cent. Short-term interest rates were slightly firmer yesterday, with call money at 13¾-14 per cent compared with 13½-13¾ per cent.

In Frankfurt interest rates showed small mixed changes, with call money quoted at the same level as the special Lombard facility of 12 per cent, compared with 12.00-12.10 per cent on Monday. One-month funds were 12.50-12.70 per cent against 12.55-12.70 per cent, with three-month unchanged at 12.80-12.90 per cent. Six-month money had a slightly firmer tone at 12.90-13.05 per cent as did 12-month at 12.90-13.10 per cent against 12.90-13.00 per cent.

GOLD

Slight fall

Gold fell $2 from the Friday close in the London bullion market to finish at $424-426. It opened at $422-424, and was fixed at $422.50 in the morning and $421.50 in the afternoon. The metal finished at the highest level of the day after touching a low of $420¼-422¼.

In Paris the 12½ kilo gold bar was fixed at FFr 89,000 per kilo ($470.94 per ounce) in the afternoon, compared with FFr 89,500 ($473.82) in the morning, and FFr 89,200 ($476.39) Monday afternoon.

	Sept. 1		Aug. 28	
Gold Bullion (fine ounce)				
Close	$424-426	(£231-232)	$426-428	(£220½-221½)
Opening	$422-424	(£230½-231½)	$422-424	(£225¼-226¼)
Morning fixing	$422.50	(£230.597)	$425.50	(£231.376)
Afternoon fixing	$421.50	(£229.951)	$425	(£230.228)
Gold Coins				
Krugerrand	$436½-437½	(£237¾-238¼)	$439-440	(£237½-238)
1/2 Krugerrand	$225¼-226¼	(£122½-123¼)	$230-231	(£124½-125)
1/4 Krugerrand	$114½-115½	(£62¼-62¾)	$117-118	(£63¼-63¾)
1/10 Krugerrand	$46¾-47¾	(£25½-26)	$49-50	(£26½-27)
Mapleleaf	$436½-437½	(£237¾-238¼)	$439-440	(£237½-238)
New Sovereigns	$105¾-106½	(£57½-58)	$106-107	(£57¼-57¾)
King Sovereigns	$119-121	(£64¾-65¾)	$118-120	(£63¾-64¾)
Victoria Sovs.	$119-121	(£64¾-65¾)	$118-120	(£63¾-64¾)
French 20s	$122-127	(£66½-69)	$123-128	(£66½-69¼)
50 pesos Mexico	$526-530	(£286¼-288½)	$529-533	(£286¼-288¼)
100 Cor. Austria	$412-415	(£224¼-226)	$414-417	(£224-225½)
$20 Eagles	$565-570	(£307½-310¼)	$565-570	(£305¾-308¼)

MONEY RATES

NEW YORK

Prime rate	20-20½
Fed. funds	17½-17¾
Treasury Bills (13-week)	15.64
Treasury bills (26-week)	15.72

GERMANY

Special Lombard	12.00
Overnight rate	12.00
One month	12.60
Three months	12.85
Six months	12.975

FRANCE

Intervention rate	17.125
Overnight rate	17.375
One month	17.125
Three months	17.625
Six months	17.25

JAPAN

Discount rate	6.25
Call (unconditional)	7.25
Bill discount (three-month)	7.40625

LONDON MONEY RATES

Sept. 1 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5 14¼	13-13½	—	—	12½-13½	11¼-12½	—	—	—
2 days notice	—	—	13⅜-13¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅞-13½	13⅛-13¾	—	13⅛	13⅜-13⅞	12¼-12½	—	—	—
One month	13⅝-13⅞	13½-13¾	13¾	14⅛-13⅞	13¼	14	12¾	12⅝-12½	12⅞-12⅝	13⅞
Two months	13¾-13⅝	13¾-13⅞	—	14⅜-14	13½	14⅛	13	12¾-13	13-13⅛	13⅞
Three months	13⅞-13⅞	13⅞-14⅛	14	14⅝-14	14	14⅜	13⅛	13⅛	13⅜	13⅞
Six months	14⅛-13⅞	14⅛-14¼	14¼	13⅝-13⅝	14⅛	—	—	—	13¼-13⅛	14
Nine months	14⅛-14	14⅛-14⅛	—	14⅜-14	14¼	—	—	—	—	—
One year	14¼-14⅛	14⅛-14⅛	14⅜	14⅜-14	14⅝	—	—	—	—	—
Two years	—	—	14½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14½ per cent; four years 14¾ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13[illegible]-13[illegible] per cent; four-months trade bills 13⅞ per cent.

Approximate selling rate for one-month Treasury bills 12[illegible]-12[illegible] per cent; two-months 12[illegible]-12⅞ per cent; three-months 13[illegible] per cent. Approximate selling rate for one-month bank bills 12[illegible]-12[illegible] per cent; two-months 12[illegible]-12[illegible] per cent and three-months 13[illegible] per cent; one-month trade bills 13⅞ per cent; two-months 13¾ per cent and three-months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rate of discount 13.2463 per cent.

Wall Street 1.24 lower at 1pm

WALL ST 1.24 LOWER at 1 pm

STOCKS DRIFTED lower at mid-session and analysts expect the downtrend to continue until there is some sustained change in the direction of Wall Street.

The Dow Jones Industrial Average was off 1.24 at 880.23 at 1 pm, after showing a marginal rise of 0.47 soon after the open and a fall of 3.24 at noon. Declines led advances by two to one on volume of 33.26m shares (25m). The NYSE All Common Index was down 21 cents to $70.99 at 1 pm.

Citibank yesterday said it would leave its prime rate unchanged at 20½ per cent, supporting investor perceptions that interest rates will not ease soon in spite of the drop to a 20 per cent prime rate by two major banks on Monday.

Stocks were also affected by a rise in the key Federal Funds rate, which determines interest on overnight loans between banks, to 17¾ per cent from 17 per cent at Monday's close.

Energy issues recently involved in merger rumours lost ground. Cities Service fell ⅞ to $50¾ in active trading, Marathon one to $60½, Getty Oil one to $66½, Coastal ⅞ to $48¾ and Amax 1½ to $53¾.

Also lower were Oil Service stocks. Santa Fe International lost ⅞ to $24¾. Helmerich and Payne 1½ to $41¼. Smith International 1¼ to $49¾ and Sedco ⅞ to $28¼.

Gray Drug rose 3¾ to $20¾ after Sherwin Williams agreed to acquire it for $21 a share. Sherwin Williams lost 1½ to $18.

Piedmont Aviation gained 2⅞ to $29 on news that Norfolk and Western holds 8.2 per cent of its stock.

THE AMERICAN SE Market Value Index eased 0.78 to 349.15 at 1 pm on volume of 3.38m shares (3m).

Canada

Stock prices were mixed at mid-session with the Toronto Composite Index edging up 4.2 to 2,180.9 on volume of 2.95m shares. However, declines led advances 197 to 152.

Eight of the 14 indices rose, led by Oil and Gas which gained 21.5 to 4,816.9.

The strength in the Oil issues was due to investor optimism that an energy agreement was about to be announced between the Federal Government and Alberta.

Closing prices for North America were not available for this edition.

Tokyo

Share prices lost heavily in light trading on profit-taking and stop-loss selling, led by Blue Chips, following the decline on Wall Street.

The Nikkei Dow Market Average fell 80.07 to 7,735.71. The Tokyo Stock Exchange Index closed at 582.47, down 6.97.

Major losers included Hitachi, Toshiba, Sony, Matsushita Electric Industrial, Canon, Ricoh, Nissan Motor and Honda Motor, while Steels and Shipyards were also lower.

Matsushita Electric Industrial fell Y80 to Y1,580, Sony Y70 to Y4,510, Victor Japan Y90 to Y3,850, Toyota Motor Y60 to Y1,300, Fuji Photo Film Y70 to Y1,600, Nippon Electric Y24 to Y811, and Hitachi Y27 to Y805.

Nippon Steel lost Y2 to Y227, followed by Kawasaki, down Y3 to Y231, and Mitsui Engineering and Shipbuilding, down Y6 to Y226. But Chemicals and Petroleums, including Mitsubishi Chemical, Mitsui Toatsu Chemical and Nippon Oil, gained on cheap buying.

The second market also finished lower.

Hong Kong

Stocks closed weaker. Little interest was being shown in the market with some selling noted from individual investors and funds.

The Hang Seng Index finished 25.19 down at 1,647.75.

Among leaders, HK Land held unchanged at HK$10.80, but Cheung Kong fell 65c to HK$29.60, Hutchison Whampoa 40c to HK$21.40, Jardine Matheson 40c to HK$20.80, HK Wharf 25c to HK$7.40, Swire Pacific 'A' 20c to HK$15.30, HK Electric 10c to HK$5.95 and HK Bank 30c to HK$16.60.

Secondaries were also generally down, though the major secondary issues tended firmer than the Blue Chips.

Australia

Poor results from the Mining sector, confusion over U.S. interest rates, the fall on Wall Street and the absence of trading in London on Monday led to an easier tendency.

Peko was among the weaker issues with a 24 cent fall to A$6.28 in response to a substantial drop in final earnings.

MIM fell 5c to A$4.05 after a near 50 per cent fall in annual profit and CRA weakened 5c to A$3.90 ahead of an after-hours announcement of a slump in interim earnings to A$16m.

Industrials were mostly steady. Swan Brewery featured with a 10c gain to A$2.30, having become the subject of a takeover bid.

In other trading, BHP fell 10c to A$12.50, CSR 8c to A$5.06, WMC 3c to A$4.82, Pancontinental 85c to A$2.65, EZ 6c to A$5.74 and Woodside 3c to A$1.57.

Singapore

Share prices closed lower for the third consecutive trading day on continued selling pressure in active trading.

The Straits Times Index fell 7.84 to 615.26.

Germany

Prices extended opening losses and closed lower across the board after a quiet session, with the Commerzbank Index retreating 6.90 to 714.20.

The fall in prices was attributed to rising U.S. interest rates, lack of orders from foreign and domestic investors and the depressing effect on the domestic Bond market of terms for the new Federal Government loan.

In cars, VW fell DM5 to DM 144.50, Daimler DM 4.30 to DM 343.70 and BMW DM 3 to DM 187. In lower Banks, Dresdner lost DM 6.60 to DM 145.60, Commerzbank DM 4.60 to DM 132 and Deutsche DM 4.50 to DM 268.

On the domestic Bond market, Public Authority Loans closed mostly lower, with losses reaching DM 0.60 and gains DM 0.25. The Bundesbank bought DM 600,000 of paper after sales of DM 15m on Monday.

Dealers expressed disappointment with the 10¾ per cent coupon and 99¼ per cent issue price of the new DM 1.6bn Federal Government loan and said it will be difficult to place.

Paris

Share prices tended firmer in quiet trading led, once again, by the companies listed for nationalisation.

Among the "Nationalisables," Rhone Poulenc added FFr 3 to FFr 80.5, Dassault FFr 5 to FFr 540 and Matra, due to lose its armaments division to the state, FFr 29 to FFr 1,020.

Cars and Electricals were easier, while Foods were mixed. Other sectors showed modest gains.

Switzerland

Prices closed lower on rising concern over domestic inflation rates and disappointment after Monday's fall on Wall Street.

Among Transports, Swissair's registered share was broadly lower at SwFr 615 after SwFr 638 on Monday, while its bearer share dropped less sharply to SwFr 686 from SwFr 692.

Among weaker Banks, Paribas (Suisse) remained neglected after its 10-day rise. Insurances followed the easier trend.

Johannesburg

Gold shares closed easier with the bullion price, but trading continued very quiet with little interest seen from overseas.

COMMODITIES AND AGRICULTURE

Australia to tighten meat export rules

By Patricia Newby in Canberra

MR PETER NIXON, the Australian Minister for Primary Industry has asked for a review of penalties for breaching meat export certification procedures following the discovery in Singapore last week of discrepancies in dating of export meat from Australia.

Discrepancies were found in documentation covering a small quantity of meat—around five tonnes—but the matter is being treated seriously in Canberra, coming as it does on top of the meat substitution racket unearthed in the U.S.

Police inquiries are still continuing into the scandal where horse and kangaroo meat were found in cartons purporting to be prime export beef from Australia.

Mr Nixon met representatives of the Attorney-General's department and his own department yesterday to consider increasing penalties under the customs act covering export of meat from A$1,000 to A$100,000 and the change is expected to be introduced into Parliament later this month.

Wheat crop doubts

MELBOURNE—Forecasts of Australian wheat output this season or exports in the 1981-82 shipping year starting in December are purely speculative, Australian Wheat Board general manager Mr Max Moore Wilton said yesterday.

He was commenting on a U.S. Agricultural Department report from Washington predicting *exports from the as yet ungrown* crop will total 13m tonnes. The report, quoting a Canberra-based U.S. agricultural counsellor, said exports in the current year to end-November will total 10.5m tonnes.

Mr Moore Wilton noted the Board was currently forecasting the crop at between 14m and 17m tonnes, a range necessitated by the extreme fluctuations in Australian weather and consequent effects on wheat yields.

The Board will start the next shipping year with virtually no carryover as a result of last year's drought-affected crop of 10.9m tonnes.

A more precise estimate of the current crop is expected at a Board meeting here tomorrow (Thursday).

Reuter

Sugar prospects push prices to 20-month low

BY RICHARD MOONEY

PROSPECTS FOR a heavy surplus of supply over demand in the 1981/82 marketing season pushed *world sugar* prices down yesterday to the lowest level since January 1980. On the London futures market the January position closed at £166 a tonne, £11.50 lower on the day.

There was no fresh news to account for the fall, but dealers explained that as time passed the possibility receded of dramatic weather changes or other factors affecting the *position*.

With beet crop development in Europe continuing to indicate an excellent out-turn, analysts are agreed that the EEC will have at least 1m tonnes of sugar to export in the coming season. The Italian Beet Growers' Association forecast yesterday that Italy's sugar production would total 1.98m tonnes, up from 1.73m last year.

The latest Swedish beet test, published yesterday, indicated sugar output at 345,000 tonnes compared with 301,200 tonnes estimated at the same stage last year. Even in the Ukraine, where dry weather has held back *the beet crop, development* is ahead of last year.

Outside Europe good early spring rains are expected to boost the official South African production estimate to around 2m tonnes from 1.94m estimated *a month ago; and crushing of* the Australian cane crop, which had been hit by recently settled industrial disputes, is reported to be making good progress now.

Against these bearish factors the only bullish news has been a slight pick up in Middle Eastern buying of white sugar, *but the quantities have not been* significant.

London sugar merchant E. D. and F. Man said in its latest market report, published yesterday, that a world sugar surplus of at least 2m tonnes was almost certain for the 1981-82 season. It put the total crop at around 93.18m tonnes compared with 85.89 in 1980-81.

A crop of this size would put the world market into at best a *modest 2m tonne surplus* and at worst a surplus which would have knock-on effects into the 1982-83 season, it said.

Man said it could only hope the EEC crop was being estimated at its best and that yields would later be pared back to tolerable levels so that a giant EEC *surplus might be avoided.*

The report only confirmed what most traders already thought about the supply-demand prospects for next season but it may have encouraged some non-professional traders to take a more realistic view of the situation.

It estimated the 1981-82 Eastern Europe beet sugar crop at 12.21m tonnes against 11.25m in 1980-81 and total world beet *production at 37.26m tonnes* compared with 32.85m.

For 1981-82 world cane production is estimated at 55.92m tonnes compared with 53.05m in 1980-81.

Base metals lower

BY OUR COMMODITIES STAFF

ALL BASE metals prices finished lower on the London Metal Exchange yesterday as speculative buyers continued to show little interest.

Copper ended the day £15.50 *down for cash wirebars at £929* a tonne in spite of Southern Peru Copper declaring a worldwide *force majeure* on copper shipments because of strikes at its Ilo smelting centre and at its Cuajone and Toquepala mines.

Work stopped at these operations on August 17 and have continued in spite of being declared illegal by the country's Labour Ministry.

The price fall in London was encouraged by losses in New York which were only partly recovered following the issuing of a commission house "buy" recommendation.

Other falls on the LME were: *£62.50 for cash tin to £8,072.50* a tonne, £9.75 for cash lead to £405.50, and £7 for cash zinc to £514.50.

Stocks of copper held in LME warehouses fell 850 tonnes last week to 116,000 tonnes. Tin stocks were up 630 tonnes to a record 12,950; lead up 1,150 to 44,025; and zinc unchanged at 86,925. Silver warehouse stocks rose 110,000 ounces to 28,480,000.

Monsoon break threatens rice crop

BY K. K. SHARMA IN NEW DELHI

A SUDDEN break in monsoon rains all over India after a good start in June could affect rice crop prospects at a time when foodgrain stocks are at a low level of around 1m tonnes.

Rain *has not fallen for* the past fortnight in most parts of the country and unless the monsoon becomes active again in a few days, parts of the standing paddy crop could wither in fields without irrigation facilities.

This would inevitably mean a crop below the 58m tonnes target.

The foodgrain production target for 1981-81 is 138.5m tonnes including rice, wheat and various coarse grains. If the rice crop and other grain grown in the summer is affected by the monsoon break, overall availability will be affected. Production last year totalled a record 133m tonnes and yet the stocks have fallen, forcing the government to buy 1.5m tonnes of wheat in the U.S. last month, the first imports to be made in five years.

From Peking meanwhile Reuter reported that China harvested more than 50m tonnes *early rice this year, 1m tonnes* more than last year.

But foreign experts based in China said though this was better than feared it was "not a great crop." It made it less likely that China would meet its ambitious overall grain production target this year of 332.5m tonnes, they added.

The harvest total was 318.2m tonnes last year, down from 332m in 1979.

Last month China announced a "disappointing" summer grain harvest of 60m tonnes, 3m tonnes up from last year's but 6m tonnes down on 1979.

Further falls in coffee

By Our Commodities Staff

THE SLIDE in the world coffee market accelerated again yesterday with the November London futures position losing £65.50 on the day to close at £837 a tonne. Prices have fallen over £100 a tonne since gloomiest assessments of the damage done to the Brazilian 1982-83 crop by the July frosts were confirmed by the U.S. Department of Agriculture last week. Yesterday's November price was £330 below the peak reached immediately after the frost.

The market's subsequent weakness is seen as a reflection of the comfortable supply situation in the medium-term even after allowing for Brazil's frost losses.

***In the 1982-83 season coffee production is still expected* to exceed consumption by around 6m bags (60 kilos each).**

Dealers said yesterday's early decline in London followed through *from* a permissible limit fall in New York overnight. A further fall in early New York dealings yesterday encouraged further declines in London.

The market was also unsettled by uncertainty about the outcome of this week's London meeting of African members of the International Coffee Agreement. This meeting, which starts today, is intended to seek a common position to take to next week's full meeting of the International Coffee Organisation.

Most producers are expected to seek bigger quotas next year under the agreement (even Brazil) and *it is feared they may demand* an unrealistic increase in the ICA floor price—currently 110 cents a lb—perhaps to as much as 135 cents a lb.

Rise expected in British wool clip

By Our Commodities Staff

BRITISH SHEEP are likely to yield a record amount of wool this year, according to the British Wool Marketing Board.

While giving no figure for the volume of this year's clip, the board said yesterday that on *current indications it should be* larger than last year's record of 38.6m kilos. It expected producer returns to rise only marginally.

MARKET PROFILE: TEA

Low prices stimulate interest in pact

BY ROY HODSON

THE CURRENT London auction price for tea, ranging from around 70p a kilo to 120p a kilo for the best qualities, is too low for the health of the £100m-a-year world tea trade. Indeed, middling qualities are being sold at prices which are probably below the cost of production for many tea gardens in Asia and Africa.

The wholesale end of the trade still exudes a delightfully Victorian air which has survived such upheavals as the move from Mincing Lane to Blackfriars by London tea men 10 years ago, and the flight from the capital to cheaper provincial centres by most of the big tea distributors.

The London tea auctions pursue their regular and stately way. London continues to hold a unique place in the trade as the only terminal market for teas grown throughout the world.

Tea men regard themselves as privileged to provide this infusion of dried leaves which they like to describe as "simultaneously reviving, relaxing and refreshing."

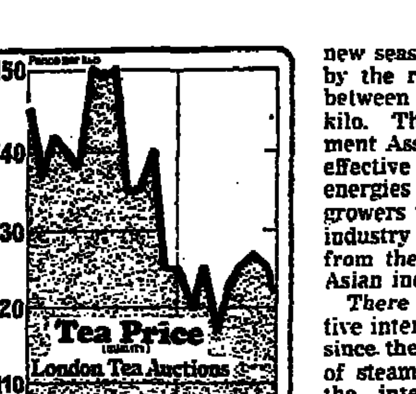
Yet the tea trade is in a certain amount of trouble which cannot be disguised by the courtly manners and venerable traditions of the traders.

Throughout the international industry profits are being eroded severely. Markets are stagnant while producers' costs and distributors' costs are rising *fast. The squeeze is being felt* throughout the industry.

It is proving most painful, however, at the primary end in the tea-growing areas of a number of developing nations, and at the retail end where the big tea packaging and distribution companies are fighting each other over fractions of a penny per packet on the High Street shelves.

Unlike coffee, tea cannot be classified with precision for confident marketing sight unseen. Each leaf is as individual as its picker and its processor. But is is clear that the trend in the trade is to try to weather the recession by *concentrating* more upon standard middle quality teas.

As recently as last year "best" tea—the top quality of five broad gradings—was com-



manding 145p a kilo in London while the poorest grade was being sold 77p a kilo cheaper. This year the price of "best" has fallen by some 25p a kilo reflecting subdued demand while the price bracket across the grades has narrowed from 77p a kilo to only 50p a kilo.

The blenders are notoriously unwilling to discuss the precise contents of their blended teas. But it is apparent that now the cost of the actual tea in a packet is accounting for more than half the retail price of the packet (leaving little enough for production, packaging, marketing, and profit) they are buying cheaply and selectively while striving to produce the blends that satisfy their customers' palates.

The market is becoming increasingly concerned with securing regular supplies of reasonably-priced teas. Distributors cannot afford to cover their needs by carrying large stocks. In that commercial climate Kenya's expanded production *has quickly become a main-stay* of the tea business.

Kenya and other East African producers to a lesser extent, are proving able to provide a steady supply of good quality tea all the year round to meet blenders' needs. India leads the league of tea exporters with sales of 224m kilos a year. Sri Lanka is not far behind with 184m kilos.

But Kenya has more than doubled production in 10 years to reach about 100m kilos a year. And it is being whispered in the London market that India's tea export prices for the new season tea will be dictated by the ruling Kenyan price of between 115p a kilo and 120p a kilo. The Kenya Tea Development Association has proved an effective body in harnessing the energies of small private growers to develop a young tea industry which has learned from the mistakes of the older Asian industries.

There has not been an effective international tea agreement since the war. But a new head of steam is building up within the international industry to regulate the weakening market by securing a new agreement.

Kenya's lack of interest in the terms proposed by other producers effectively torpedoed previous attempts to secure an international agreement. But Kenya is now sufficiently important in the international tea producing hierarchy to be open to arguments that an agreement could even benefit the Kenyan tea industry.

When the producers next meet in Geneva in November some straight talking is to be expected about the quotas that each producing country would have to accept in order to secure a new tea agreement.

A body of opinion in the tea trade wants a new tea agreement to be complemented by a buffer stock of tea.

Such a stock would, of course be perishable and would be of infinite variety of flavour and quality. In the opinion of one powerful group among the *distributors a buffer stock* would be almost impossible to operate and would lower the standard of tea drunk by continually releasing its oldest — and most stale — stocks. Nevertheless, support for a *buffer stock is strong among tea* producers.

In a way the industry already has a buffer stock. It is provided by the newer producers who are able to grow and sell good quality tea all the year round.

The tea trade's other pressing need is to win a bigger market. Work continues towards making a commercial success of a good quality instant tea to rival instant coffee. But so far the quality of teas subjected to hundreds of processing techniques towards that end has not satisfied the mandarins of the trade.

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices lost ground on the London Metal Exchange. Copper opened at £964 and drifted back in the wake of New York to close at £955. Lead touched £420 in early trading but fell away to £411, while zinc met good support around £524 and finished at £533.5. Aluminium closed at £684.25 and nickel at £3,220. Tin moved narrowly before closing at £8,260 despite the large rise in warehouse stocks.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	935.5-6.5	—8.5	928.5-9.5	—15.5
3 months	965-4	—8.75	956.5-7.5	—15.2
Settlem't	936.5	—8.5	—	......
Cathodes				
Cash	936.5-8	—8.75	927-9	—16.5
3 months	956-8	—8.5	948-50	—18.5
Settlem't	936	—9	—	......
U.S. Prod	—		*82.5-9.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £936, three months £965, 66, 65.5, 65, 64, 63. Cathodes, cash £935. Kerb: Wirebars, three months £963, 62.5, 62, 61.5. *Afternoon*: Wirebars, three months £954, 53, 53.5, 53, 53.5, 54, 54.5, 56, 57.5, 56, 57.5, 57. Kerb: Wirebars, three months £956, 55, 54, 53.5, 54, 54. Turnover: 15,650 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8090-100	—48	8070-5	—62.5
3 months	8280-90	—58	8260-70	—70
Settlem't	8100	—48	—	......
Standard				
Cash	8090-100	—40	8070-5	—62.5
3 months	8280-90	—50	8260-70	—70
Settlem't	8100	—40	—	......
Straits E.	£834.89	—8.45	—	......
New York	—	......		

Tin—Morning: Standard, cash £8,110, 8,100, three months £8,270, 65, 60, 70, 80, 90. Kerb: Standard, three months £8,280, 70. Afternoon: Standard, three months £8,250, 60. Kerb: Standard, three months £8,260. Turnover: 665 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	411.5-2	—3.5	405-6	—9.75
3 months	418.5-9	—8.5	412-3	—8.75
Settlem't	412	—3.5	—	......
U.S. Spot	—	......	*42.4	......

Lead—Morning: Cash £411, 12, 11.5, three months £418, 19, 18, 17, 18, 19, 18.5. Kerb: Cash £410, three months £418.5, 18, 17, 16. Afternoon: Three months £412, 10, 11, 12, 13. Kerb: Three months £411, 10, 11, 10.5, 11. Turnover: 8,375 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	515.5-6	—5.75	514-5	—7
3 months	530-1	—4.75	529-.5	—6
S'ment	516	—6	—	......
Primw'ts	—	—	*49.75-50	......

Zinc—Morning: Cash £516, 15.5, three months £535, 34, 33, 32. Kerb: Three months £530.5, 30, 29, 28. Afternoon: Three months £527, 28, 28.5, 28, 27, 28, 27.5, 28.5, 29. Kerb: Three months £528, 26, 25, 24, 25, 24.5, 24. Turnover: 7,975 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	652-3	—2.5	660-2	—4
3 months	687-.5	—1.5	685-.5	—3.5

Aluminium—Morning: Cash £662, three months £688, 87.5. Kerb: Three months £687. Afternoon: Three months £686, 85, 84, 83.5, 84, 85, 85.5. Kerb: Three months £684.5, 84. Turnover: 4,725 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3170-5	+27.5	3160-70	+25
3 months	3227-35	+16	3220-5	+7.5

Nickel—Morning: Three months £3,215. Kerb: Three months £3,230, 25. Afternoon: Three months £3,222, 25. Turnover: 90 tonnes.

Nickel—Morning: Three months £3,230, 20, 15. Turnover 462 tonnes.

SILVER

Silver was fixed 1p an ounce higher for spot delivery in the London bullion market at 499.2p. U.S. equivalents of the fixing levels were: spot $9.15, down 0.4c; three-month $9.5580, up 0.4c; six-month $9.9810, up 0.2c; and 12-month $10.7840, up 0.2c. The metal opened at 501½-506½p ($9.18-9.28) and closed at 498½-503½p ($9.16-9.25).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	499.20p	+1	500p	+2
3 months	515.30p	+1.5	516.25p	+2.15
6 months	532.30p	+1.2	—	......
12 months	566.30p	+1.2	—	......

LME—Turnover 76 (27) lots of 10,000 ozs. Morning: cash 499; three months 518, 16, 15.5, 15. Kerbs: three months 515, 14, 13, 14, 14.5. Afternoon: three months 513, 12.5, 18, 18.5, 18. Kerbs: three months 516, 15, 16.

COCOA

The market traded steadily higher following a strong New York market over the holiday. Producers were awaiting ICA buffer stock purchases and refused to sell into the rally. Modest consumer price fixing and jobber buying, supported by sterling easing, pushed values higher, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Sept	1212-13	+19.5	1215-05
Dec	1258-59	+27.5	1260-46
March	1276-77	+32.5	1277-60
May	1284-85	+31.5	1285-69
July	1288-89	+32.0	1290-80
Sept	1295-96	+33.0	1296-85
Dec	1298-305	+31.5	—

Sales: 4,583 (2,278) lots of 10 tonnes.

ICCO—Daily price for Aug 28: 103.29 (101.91): *Indicator price for Aug 31*: 102.94 (102.85).

COFFEE

London opened lower after a limit down close in the previous C market, reports Drexel Burnham Lambert. Early dealings were well matched as values traded in a narrow range while dealers attempted to support against heavy selling. Prices did recover slightly but fell away. Jobber liquidation and light stop-loss selling produced a close on the lows.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	816-17	—60.5	840-12
Nov	836-38	—65.5	868-35
Jan	851-53	—65.5	882-53
March	863-65	—58.5	895-63
May	880-85	—51.0	910-90
July	895-97	—46.5	906-97
Sept	910-25	—32.5	925-15

Sales: 6,161 (6,352) lots of 5 tonnes.

ICO Indicator prices for Aug 31: (U.S. cents per pound): Comp. Daily 95.79 (99.21): 20-day average 107.05 (107.77).

GAS OIL FUTURES

The extremely quiet conditions in the physical market were reflected on the IPE, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
September	302.25	—0.25	302.75-02.00
October	305.75	+0.75	306.00-05.50
November	308.75	+1	—
December	311.50	+0.75	—
January	314.50	+0.50	—
February	317.00	—0.25	318.50-16.50
March	319.25	—	319.50-18.50
April	321.00	—0.25	—
May	324.25	—	—

Turnover: 75 (219) lots of 100 tonnes.

GRAINS

Wheat and barley opened higher. Wheat drifted back, but strengthened, with buying interest from country sources lifting the spot price, Acli reports.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Sep	107.15	+1.05	98.90	+0.28
Nov	109.50	+0.25	102.25	+0.05
Jan	113.50	+0.20	106.25	+0.10
Mar	117.10	+0.20	109.85	+0.05
May	120.65	+0.15	113.50	+0.05
July	124.00	+0.20	—	—

Business done—Wheat: Sept 107.15-106.05, Nov 109.50-109.00, Jan 113.55-113.10, Mar 117.10-116.85, May 120.75-120.35, July 123.80 one trade. Sales: 192 lots of 100 tonnes. Barley: Sept 98.70-98.60, Nov 102.50-102.00, Jan 106.25-106.00, Mar 110.00 only, May 113.70-113.30. Sales: 183 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Sept 111, Oct 111.75 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Sept 117.00 transhipment East Coast seller. English Feed fob (76 kilos) Nov 115.25 East Coast seller. Maize: French Sept 128 transhipment East Coast seller. S. African Yellow *Sept/Oct 91.50 seller*. Barley: English Feed fob Oct/Nov 107 East Coast seller, April/June 116.35 paid East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: S. East 103.50, W. Mids. 103.00. Feed barley: S. East 96.50, S. West 97.50, W. Mids. 95.80, N. West 94.70. The UK Monetary Coefficient for the week *beginning* Monday Sept 7 (based on HGCA calculations using 5 day's exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly steadier, with little interest throughout the day, closing quietly steady. Lewis and Peat reported a fob Sept price for No. 1 RSS in Kuala Lumpur of 253.5 (253.0) cents a kg and SMR20 205.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	59.70-59.80	60.80-60.10	—
Nov	61.70-61.80	60.90-60.90	61.30
Oct-Dec	61.70-61.80	60.80-60.90	61.50-61.50
Jan-Mar	65.10-65.60	63.80-63.90	65.50-64.40
Apl-Jne	68.30-68.40	66.80-67.00	68.40-67.40
Jly-Sept	71.30-71.60	70.10-70.20	70.90
Oct-Dec	74.50-74.70	73.30-73.40	74.10-74.00
Jan-Mar	77.80-77.90	76.40-76.90	77.80-77.20
Apl-Jne	80.90-81.00	79.60-80.00	81.00-80.50

Sales: 352 (279) lots of 15 tonnes; Nil (6) lots of 5 tonnes. Physical closing prices (buyers) were: Spot 59.50p (58.50p); Oct 58.25p (57.50p); Nov 59.50p (58.75p).

SOYABEAN MEAL

The market opened with small gains on short coverings, reports T. G. Roddick. Prices continued firm and with limited offers and late commission house buying reached the highs.

	Yesterdys Close	+ or —	Business Done
	£ per tonne	—	—
October	134.50-35.0	+1.80	134.80-33.80
December	134.20-34.7	+1.80	134.50-33.40
February	136.00-36.5	+1.65	136.00-35.50
April	138.50-39.0	+0.75	—
June	138.00-41.0	+1.00	—
August	139.00-45.0	+1.00	—
October	139.00-45.0	+0.50	—

Sales: 85 (73) lots of 100 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. Oct 392, 401, nil; Dec 401, 404, 401; Jan 404, 406, 404; Mar 414, 415, 415-413; May 422, 427, 424-423; Aug 433, 437, nil; Oct 437, 439, 438; Dec 438, 441, 440-439; Jan 438, 444, 440-439; Mar 445, 449, 448-446. Sales: 50.

SYDNEY GREASY WOOL—Close (in order: Buyer, seller, business). Australian cents per kilo. Oct 498.0, 499.0, 499.0-497.0; Dec 507.0, 508.0, 508.0-506.5; March 520.5, 521.0, 520.0-518.0; May 528.5, 528.5, 528.5-526.0; July 534.0, 535.0, untraded: Oct 529.0, 532.0, 529.0; Dec 532.0, 535.0, untraded: March 535.0, 540.0, untraded. Sales: 51.

SUGAR

LONDON DAILY PRICE — Raw sugar £172.00 (£179.00) a tonne *cif* Sept-Oct shipments. White sugar daily price £166.00 (£179.00).

The market opened lower in line with the decline in New York on Monday. Chart selling and commission house liquidation produced further losses before profit taking rallied prices, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	184.25-84.75	177.00-77.25	171.00-83.00
Jan	165.75-66.25	177.00-78.00	178.50-65.00
March	171.00-71.25	182.22-28.50	176.50-69.50
May	176.50-76.75	180.00-87.00	180.50-74.00
Aug	179.50-80.00	185.0-8.00	183.25-79.00
Oct	185.50-84.50	185.00-85.75	185.50-83.00
Jan	185.00-87.50	188.00-84.75	—

Sales: 6,491 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £380.4 (same) a tonne fob home trade and £277.0 (£285.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Aug 28: Daily price 13.06 (13.00); 15-day average 14.55 (14.74).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 67 tonnes. Few orders were placed, but buyers were less resistant to price levels. Interest ranged over various qualities, with U.S. staple in chief request.

JUTE

JUTE—Sept c and f Dundee: BWC £263, BWD £222, BTB £300, BTC £265, BTD £225; Antwerp: BWC $490, BWD $410, BTB $555, BTC $495, BTD $415; c and f Dundee Sept 40 ins 10 ozs £10.94, 40 ins 7.5 ozs £8.51; B Twills £32.65.

POTATOES

LONDON POTATO FUTURES—The market eased back throughout the day to close at the lows, reports Coley and Harper. Closing prices: Nov 82.00, —2.90 (high 84.00, low 82.00); Feb 102.30, —2.20 (high 103.10, low 102.50); April 118.00, —2.80 (high 120.00, low 118.00). Turnover: 345 (465) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 72.4 to 76.4; Ulster hindquarters 86.0 to 88.5, forequarters 53.0 to 56.0; Eire hindquarters 88.0 to 89.5, forequarters 52.0 to 55.0. Veal: Dutch hinds and ends 119.0 to 124.0. Lamb: English small 53.0 to 63.0, medium 58.0 to 60.0, heavy 51.0 to 56.5. Imported Frozen—New Zealand PL 57.5 to 58.2. Pork: English, under 100 lb 36.0 to 51.5, 100-120 lb 40.5 to 50.5, 120-160 lb 37.2 to 48.0.

MEAT COMMISSION — Average Fatstock prices at representative markets on September 1. GB—Cattle 88.02p per kg lw (+1.25). UK—Sheep 122.55p per kg est d c w (+5.42). GB—Pigs 65.91p per kg lw (—0.08).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.30, 56 6.20, 72 6.25, 88 5.55, 112 5.00, 138 4.95, 150 4.60; Argentine: 64/88 6.50-7.00. Brazilian: 113/64 4.70-5.50. Lemons—Spania: boxes 6.50-8.00, trays 25/50 2.40-3.40; Outspan: 80/195 5.50-9.00. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Argentine: all sizes 3.60-4.00. Apples—U.S.: Red Delicious 8.50-12.00; Spanish: new crop, Golden Delicious 40 lbs 4.40-4.80; French: new crop, Golden Delicious 20 lbs 3.00, 40 lbs 5.60-5.80; Italian: Golden Delicious 20 lbs 2.00-2.20. Pears—French: per pound Williams 0.13-0.16; Italian: per pound 0.15-0.18; Spanish: per pound 0.16-0.18. Nectarines—Italian: Large trays A/C 3.50-4.60. Plums—Italian: 20 lbs Giant Prune 3.50, Stanley 3.00-3.50, President 4.00-4.20; Hungary: Switzens 1.80-1.90. Greengages—*French: 9 kilos 2.60-2.80; Spanish:* 11 lbs 2.00-2.75. Strawberries—U.S.: 12 oz punnets 1.20. Grapes—Cyprus: 11 lbs Thompson 4.40, Rozaki 3.30, Alphonse Lavallee 3.00, Sultana 11 lbs 2.80-3.00; Spanish: Alphonse Lavallee 11 lbs 2.00-2.40. French: Alphonse 13 lbs 2.80-3.00; Italian: Regina 2.20-2.40, Alphonse Lavallee 4.20, Italia 3.20-3.40. Melons—Spanish: 10 kilos yellow 2.60-3.00. Water Melons—Hungarian: 13 kilos 3.00-3.50; Italian: 17 kilos 5.00-5.50; Greek: 4.00-5.00. Peaches—Italian: large trays A/C 2.00-3.00; French: A/C 1.80-2.80. Pineapples—Ivory Coast: each 0.40-1.10.

English Produce: Potatoes—Per 56 lbs white 2.20-2.50, red 2.40-2.70, King Edwards 2.60-3.20. Mushrooms—Per pound open 0.30-0.35, closed 0.60-0.70. Apples—Per pound Bramley 0.10-0.15, Grenadier 0.06-0.09, Howgate 0.10-0.12, Discovery 0.14-0.22, Miller's Seedling 0.07-0.10, Worcester Tydeman 0.12-0.20. Cauliflowers—Per 12 Lincoln 2.40-3.00. Cabbages—Per bag Primo 30 lbs 1.00-1.40. Lettuce—Per 12 round 1.00-1.40, Cos 10/12 1.80-2.00, Webb's 1.60-2.00. Tomatoes—Per 12 lbs D 2.00-2.20, E 1.80-2.00. Radishes—Per pack of 12 x 8 oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55 lbs 40/60mm 2.50-3.00. Celery—Per 18/28, winter crop 3.00-3.50. Cucumbers—Per 10/20 1.80-2.00. Carrots—Per 26/28 lbs 0.80-1.20. Strawberries—Per ½ lb 0.20-0.60. Raspberries—Per ½ lb 0.50-0.60. Plums—Per 12 lbs Victoria 0.20-0.25; Damson 2.40, Belle 1.80-2.00. Beetroots—Per 28 lbs 1.20-1.50. Marrows—Per box 0.80-1.00. Fennel—Per 10 lbs 3.00. Parsnips—Per pound 0.09-0.12. Stick Beans—Per pound 0.15-0.25. Ground Beans—Per pound 0.05-0.08. Swedes—Per net 1.20-1.40. Leeks—Per 10 lbs 2.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 1 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$1210/1240	......	$1210/240
Copper			
Cash w'bar	£929	+15.5	£1,003
3 mths	£957	—15.25	£1,033.25
Cash Cathode	£928	—18.5	£997
3 mths	£949	—16.5	£1,023.5
Gold troy oz	$425	—2	$390
Lead Cash	£405.5	—9.75	£486
3 mths	£412.5	—8.75	£483.75
Nickel	£4106.25	+18.85	£4,087.5
Free mkt	270/290c	......	275/285c
Platin'mtr'y oz	£260	......	£260
Freemkt	£231.80	—1.85	£217.70
Quicksilver	$425/430	......	$428/438
Silver troy oz	499.20p	+1.0	455.90p
3 mths	515.30p	+1.5	471.80p
Tin Cash	£8072.5	—62.5	£7792.5
3 mths	£8265	—70	£7 887.5
Tungsten 22.0 lb	$145.43	......	$144.40
Wolfrm 22.04lbs	$144/148	......	$148/150
Zinc Cash	£514.5	—7	£519.5
3 mths	£529.25	—6	£531.75
Producers	$925/1000	......	$925
Oils			
Coconut (Phil)	$570w	......	$575
Groundnut	‡	......	‡
Linseed Crude	£432	......	£452
Palm Malayan	$505z	+10	$560
Seeds			
Copra Philip	$365	+5	$370
Soyabean (U.S.)	$262	+3	$300
Grains			
Barley Fut. Nov	£102.25	+0.05	£100.25
Maize	£126	......	£126
Wheat Fut. Nov	£109.50	+0.25	£108.20
No2 Hard Wint	£117.00	+0.5	£119.75
Other commodities			
Cocoa ship't *	£1248	+19	£1,229
Future Dec.	£1258.5	+27.5	£1,236.5
Coffee Ft' Nov.	£837	—65.5	£999.5
Cotton A.Index	78.10c	—0.2	84.50c
Gas Oil Oct.	$305.75	+0.75	$288.75
Rubber (kilo)	59.5p	+1	65.25p
Sugar (Raw)	£172w	......	£221
Woolt'ps 64s kl.	392p kilo	......	394p kilo

‡ Unquoted. z Oct. w Sept-Oct. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Aug 1.

PRECIOUS METALS firmed with lower interest rates and Angolan developments. Copper was moderately lower on commission house liquidation. Sugar remained under pressure through *steady selling based on improved production prospects*. Cotton was lower on profit taking and trade hedging. Coffee was mixed with some local and commission house selling. Cocoa advanced moderately on trade buying in anticipation of buffer stock purchases, reported Heinhold.

Copper—Sept 76.60-76.70 (77.40), Oct 77.90 (78.60), Nov 79.25, Dec 80.55-80.70, Jan 81.85, March 84.35-84.50, May 86.70, July 89.10, Sept 91.45, Dec 94.85, Jan 95.95, March 98.15, May 100.35, July 102.55. Sales: 7,000.

Potatoes (round whites)—Nov 74.3-74.7 (73.7), Feb 82.5-83.5 (83.0), March 88.0-89.5, April 102.3-102.6. Sales: 455.

*Gold—Sept. 426.9 (425.0). Oct. 431.0-433.0 (431.1), Nov. 438.4, Dec. 444.0-445.0, Feb. 456.9, April 469.1, June 481.4, Aug. 490.0, Oct 506.2, Dec. 518.9, Feb. 531.8, April 545.0, June 558.4. Sales: 32,000.

*Platinum—Sept 429.3 (nil), Oct 434.5-436.0 (427.4), Nov nil, Jan 451.0-452.0, April 467.8, July 494.3, Oct 500.8.

¶Silver—Sept 930.0 (929.5), Oct 947.5 (943.0), Nov 962.0, Dec 975.0-978.0, Jan 989.7, March 1017.0-1018.0, May 1044.2, July 1071.2, Sept 1098.0, Dec 1138.0, Jan 1151.5, March 1178.5, May 1205.5, July 1232.5. Handy and Harman bullion spot: 919.00 (same).

Sugar—No. 11: Oct 11.65-11.67 (12.42), Jan 11.85 (12.65), Mar 12.76, May 13.12, July 13.50, Sept 13.85, Oct 14.05. Sales: 11,840.

Tin—665.00-698.00 (683.00-695.00).

CHICAGO, Sept 1.

Lard—Chicago loose 22.00 (same).

Live Cattle—Oct 67.32-67.27 (66.92), Dec 67.35-67.30 (66.57), Feb 65.50-65.60, April 65.60-65.50, June 66.10, Aug 65.75.

Live Hogs—Oct 50.60-50.75 (49.45), Dec 52.30-52.40 (50.90), Feb 52.30-52.30, April 50.20, June 52.50-52.47, July 52.60, Aug 51.90, Oct 51.37, Dec 53.65.

‡‡Maize—Sept 291¼-291½ (294¼); Dec 306-306½ (306½), Mar 324-325, May 335¼, July nil, Sept 346-346¼.

Pork Bellies—Feb 66.15-66.00 (64.45), *Mar 65.40-65.30 (63.60). May 66.55*, July 67.70, Aug 67.20.

†Soyabeans—Sept 667-665½ (665½), Nov 672-672½ (671½), Jan 691½-692, Mar 714-712, May 732½, July 746, Aug 751.

‖Soyabean Meal—Sept 187.2-187.0 (187.8), Oct 188.7-189.0 (188.8), Dec 194.6-194.8, Jan 198.5, Mar 204.5-*205.0, May 210.5, July 215.5-215.0*, Aug 216.5-217.5, Sept 217.5-218.5.

Soyabean Oil—Sept 20.67-20.70 (20.52), Oct 21.06-21.09 (20.98), Dec 21.98-22.00, Jan 22.40, Mar 23.15, May 23.75, July 24.35, Aug 24.35-24.40, Sept 24.25-24.45.

†Wheat—Sept 394 (385¾), Dec 424-423 (417), Mar 47-46½, May 453½, July 451½-452½, Sept 461.

WINNIPEG, Sept. 1.

§Barley—Oct 127.30 (124.80), Dec 125.70 (124.50), Mar 128.90, May 131.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ *Cents per 56-lb bushel*. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, *August 31*

††Cocoa—Sept. 20.60 (20.04), Dec. 21.78 (21.37), March 22.63, May 23.02, July 23.34, Sept. 23.69, Dec. 24.05.

Cotton—No. 2: Oct 67.50 (66.90), Dec 69.10L-69.25H (66.45), March 71.50L-71.59H, May 73.30, July 74.60 buyer-74.65 asked, Oct 75.80, Dec 76.40. Sales: 5,800.

Coffee—"C" contract: Sept 936.0-100.0 (105.25), Dec 980.8 (102.08), March 973.3, May 982.8, July 992.5, Sept 100.50, Dec 100.30-100.50. Sales: 1,871.

Orange Juice—Sept 121.50 (122.10). *Nov 127.00-127.50 (127.05)*, Jan 131.76, March 134.50-134.75, May 137.25-137.50, July 140.00-140.10, Sept 142.75-143.00, Nov 143.40-143.50. Sales: 1,000.

CHICAGO, Aug. 31.

Chicago Imm Gold—Sept 424.5 (426.0), Dec 443.5 (445.2), March 461.9, June 480.4, Sept 499.0, Dec 517.8, March 536.8.

NEW ORLEANS

Milled Rice Futures (cents per cwt of U.S. No 2 long grain)—Sept 21.50 (21.45), Nov 20.48 (20.40), Jan 20.85, March 21.35, May 21.80.

EUROPEAN MARKETS

ROTTERDAM, September 1

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter 13.5 per cent Sept 194, Oct 199, Nov 204, Dec 212; U.S. No. 2 Red Winter Sept 167, Oct 175; U.S. No. 3 Amber Durum Sept 187, *Oct 195, Nov 201, Dec 208; U.S. No. 2* Northern Spring 14 per cent Sept 186, Oct 190, Nov 194, Dec 202.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow Afloat 142, Aug 142.50, Sept 139.50, Oct 140, Nov 141, Dec 144, Jan.-March 150, April-June 157.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Sept 276, Oct 265, Nov 266.50, Dec 272, Jan 278, Feb 282, March 285.50, April 290, May 293.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. Afloat 248-240, Aug 241, Sept-Oct 233, Nov 234, Dec 239, Nov-March 244; Brazil Pellets Afloat Aug 242, Sept 241.50, Oct 244, Nov *250, Dec 254, Nov-March 259.*

PARIS, September 1.

COCOA—(FFr per 100 kilos): Sept 1260-1270, Dec 1355-1360, March 1385-1410, May 1415-1435, July 1426 bid, Sept 1460 bid, Dec 1475 bid. Sales at call: 5.

SUGAR—(FFr per tone): Oct 1658-*1660, Nov 1640-1655, Dec* 1636-1640, March 1762-1770, May 1825-1850, July 1830-1900, Aug 1875-1940, Oct 1890-1950. Sales at call: 11.

INDICES

FINANCIAL TIMES

Aug. 28	Aug. 27	Month ago	Year ago
257.64	256.82	276.81	275.38

(Base: July 1, 1952=100).

MOODY'S

Aug. 28	Aug. 27	Month ago	Year ago
1028.2	1030.0	1075.2	1236.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 28	Aug. 27	Month ago	Year ago
Spot	353.51	352.08	387.95	446.10
Fut'res	367.71	366.80	396.36	465.40

(Average 1924-25-26=100)

REUTERS

Sep. 1	Aug. 28	M'nth ago	Year ago
1656.7	1661.8	1764.1	1732.4

(Base: September 18, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.50, codlings £2.70-£3.70. Small haddock £1.60-£2.60. Large plaice £6.00, medium £5.60-£6.30, best small £3.50-£5.00. Skinned dogfish (large) £7.00-£8.50, (medium) £5.00-£8.00. Lemon soles (large) £9.00, (medium) £7.60.

No follow-through to pre-holiday equity strength
30-share index reacts to close 5.8 down at 568.0

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets lacked investment incentive and were unable to maintain their pre-holiday strength when dealings resumed yesterday. An uninspiring survey of UK economic trends from the CBI and Wall Street's inability to respond to *improved money supply figures* and Prime lending rate cuts of ½ *per cent dampened investment* initiative. **Trusthouse Forte's** *unexpected cash call for £84.3m*, via a rights offer, was probably the main market depressant.

However, such was the underlying firmness of leading shares that price falls were generally limited to a few pence with the notable exception of some Electricals and most Oils. The latter became unsettled by Saudi Arabian reports of production cutbacks. The imminence of important trading announcements, *including those of British* **Petroleum** and **Plessey** tomorrow, also *inhibited interest in the* sectors. Aerospace issues came on offer as speculators realised profits on talk of possible U.S. defence spending cuts.

Reflecting the absence of genuine selling, a 10.00 am fall of 2.6 in the FT Industrial Ordinary share index was reduced to only 1.1 an hour later before gradually drifting lower to stand 3.2 down at 3.00 pm. *After the official, 3.30 pm. close,* easier Wall Street advices un*settled London and* share prices fell more sharply to leave the *index a net 5.8 lower at 568.0.*

The slight easing in U.S. *Prime interest* rates and renewed speculation that the *U.S. Administration* could be considering spending cuts gave dealers cause to open longer-dated Gilts at Friday's enhanced late levels. Support was not forthcoming, however, and quotations drifted back to show little change on balance. The shorts, meanwhile, moved with sterling, easing initially but rallying to close unaltered.

Quiet conditions prevailed in Traded options with just over a thousand deals arranged, well down on Friday's 1,976 and last week's *daily average of 1,447.* A useful put business developed *in Shell Transport in which 179* contracts were struck, while call *option activity* was dominated by Imps and Lonrho which recorded 131 and 145 deals respectively.

Alex. Howden wanted

Alexander Howden stood out in Insurances, the ordinary rising 7 to 145p, after 146p, and the Warrants improving 6 points to £80 on speculative buying *fuelled by* revived hopes of a bid from Alexander and Alexander. Willis Faber rallied 6 to 388p; the interim results are due on September 15. Sun Life continued firmly, adding 4 more to 344p after weekend Press comment suggesting that the South African based Liberty Life, which already owns a 19.04 per cent stake in the company, might launch a full-scale bid. **GRE** firmed 4 to 380p awaiting todays interim results.

Wines and Spirits ended with small falls after subdued trading. **Invergordon** announced reduced first-half profits and lost the turn to 182p.

The undertone in Buildings remained firm in a small turnover. Among the leaders, **Rugby Portland Cement** improved 3 to 89p following favourable Press comment. Demand in front of today's interim results left **Marchwiel** 4 dearer at 148p, while **John Finlan**, still awaiting the outcome of discussions with an unnamed party, also added 4, to 170p. Support was forthcoming for **A. Monk**, which *firmed 2 to 59p, and* **W. and J. Glossop**, 4 better at 66p. **Phoenix** *Timber, a rising market recently* on speculative interest, touched *128p before settling 4 up at 126p.*

ICI fluctuated narrowly around *a lower opening level of 274p* before drifting off late to close 6 down at 270p. **Novo Industries** "B" touched £93½ on the near-doubled interim profits before reacting to close ½ point down on balance at £90½.

Leading Stores drifted lower *for want of attention.* A more detailed appraisal of the preliminary results clipped 4 from **Waring and Gillow**, 148p, while support was also lacking for **Foster Brothers Clothing**, 6 cheaper at 74p. **Cornell Dresses**, on the other hand, attracted renewed speculative interest and rose 5 to 185p, while **Wearwell**, aided by a favourable Press mention, put on 3 to 84p. **R. and J. Pullman** held at 54p despite the reduced *full-year earnings.*

Thorn EMI down

An early mark-down followed by sporadic profit-taking *after* last Friday's good gains left the *Electrical leaders with falls* ranging to 11. **Thorn EMI** lost *that much to 480p* and **Racal** ended 7 off at 468p, after 463p. **GEC** *closed 6 down at 807p and,* ahead of tomorrow's first-quarter *figures,* **Plessey** *gave* up 5 to 391p. Elsewhere, **Hemokinetics** *came on offer at* 30p, *down 6.* and the recently firm **United Scientific** shed 9 at 528p. **Muirhead**, on the other hand, gained *3 to* 108p on hopes of a bid from Tyco Laboratories.

A few firm features emerged among secondary Engineerings. Speculative buying prompted gains of 4 and 7 respectively in **Charles Clifford**, 48p, and **Greens Economiser**, 140p, while **Tex Abrasives** found support at 55p, up 4. Still drawing strength from the interim figures, **Fife Forge** rose 5 to 95p. **Braham Millar** hardened 2 to 20p but **RCF** at 26p, lost 2 of last Friday's rise of 10 which followed the agreed 24p per share cash bid from Bardsey. The leaders drifted lower on lack of support.

Cadbury Schweppes, a strong market last week, eased 2 to 98p ahead of tomorrow's interim results. Outside of the Food leaders, further consideration of the recently announced preliminary results took another 50 from **Somportex**, 800p while the lower annual profits caused a reaction of 3 to 142p *in* **Linfood.**

The surprise announcement of a £84.3m rights issue prompted a swift mark-down in **Trusthouse Forte** *which dropped to 122p before closing a net 12 down at 124p.* **Grand Metropolitan**, recently considered a more likely *candidate for a fund-raising* operation, shed 5 to 200p in sym*pathy, but* **Ladbroke** *gained that* much, to 175p, in response to *favourable Press comment.* Also on a favourable mention, **Queens Moat Houses** improved 2½ to 36½p.

Durapipe jump

Durapipe became a prominent *counter in miscellaneous industrials,* jumping 8 to match the *27p per share cash offer from* Wavin Plastics. **Polymark** rose *8 to 100p following the chairman's* confident statement, while **British Vita** added 9 to 189p on the better-than-expected first-half results. **Hanson Trust**, 291p, and **J. Bibby**, 302p, advanced 6 apiece in response to Press comment and **Dalgety** put on 4 to 341p for a similar reason. **Charles Hill of Bristol** improved 7 to 152p after an investment recommendation and **Amalgamated Metal** put on 15 to 380p on hopes of early news of the bid discussions with Preussag of Hanover.

Currently *in* receipt of a cash bid worth 32p per share from the privately-owned Orchard Holdings, **Robert Moss** jumped 4 *afresh to a 1981 peak of 39p.* **Vinten** added 6 to 364p following *renewed investment support and* **Erskine House** revived with a *rise of 3½ at 36p. By way of* contrast, **British Aerospace** fell 8 *to 243p as* did **Hawker**, to 348p, on fears that any spending cuts *made by President Reagan could* jeopardise the AV8B Harrier deal. Adverse comment led to a fall of 5 to 53p in **Berwick Timpo**, while **Mills and Allen** lost 13 to 485p on fears that the company might increase its bid for Letraset now that Esselte of Sweden has entered the fray; **Letraset** hardened 2 to 142p to stand 2 above Esselte's proposed terms. Far Eastern advices left **Hong Leong Credit** down 30 at 160p, after 140p, and **Hong Leong** *Industrial 40 off at 175p, after* 150p.

Among the isolated movements in Properties, **Berkeley Hambro** *lost 4 to 274p and* **Stock Conversion** 3 to 362p. **Peachey**, on *the other hand, added* a couple of pence to 154p and **Lynton** improved 4 to 262p, the latter following Press comment. Interest was shown in **Espley-Tyas** which added 3 to 84p. **Property Security Investment** were quoted at 157p ex all with the new nil-paid shares at 73p premium.

Oils dull

Oils turned dull on the possibility of increased downward pressure on crude prices. Additionally burdened by adverse Press comment, **British Petroleum** fell 10 to 302p; the interim results are due tomorrow. **Shell** lost 8 to 366p and **Lasmo** gave up *25* to 530p, while **Ultramar** shed 8 to 495p and **Tricentrol** 6 to *266p.* **Sovereign** weakened *15* to 360p and **Berkeley Exploration** 9 to 338p. **NCC Energy** shed 6 to 102p await*ing the outcome of the Simplicity* Pattern Board meeting to con*sider* the NCC/Simplicity proposals.

South African industrials took on a firmer stance. **Unisec** rose 13 to 150p, while **South African Breweries** closed 6 to the good at 202p.

Renong suspended

Tin shares provided two of the mining market's features. **Renong Tin**, a strong market in recent weeks, opened at 375p, compared with Friday's close of *315p, prior to* being suspended at around 10.30 am at the company's request pending an announcement.

The Cornish producer **Geevor** rose to a 1981 high of 210p before *closing a net 15 up at 195p* following favourable comment in an *investment newsletter.*

South African Golds remained firm *throughout the day despite* the marginal decline in the bul*lion price and the recent* incursion into Angola.

Prices opened higher, reflecting gains in Johannesburg during the closure of London on Monday, and held steady to close at or a fraction below the day's best levels. The Gold Mines index moved up 4.8 to 383.5—its fourth successive gain.

The leading Australian issues came under pressure following the poor results from **Peko-Wallsend**. **MIM Holdings** and **CRA**. The last-named dropped 14 to 228p, **MIM** 5 to 247p and **Peko-Wallsend** 30 to 390p.

Adverse Press comment unsettled **Northern Mining**, 9 off at *186p, and* **Ashton Mining**, 4 *lower* at 90p.

Golds provided the *only* firm spots in the sector. **Poseidon** *rose 9 to 258p and* **Gold Mines** *of* **Kalgoorlie** 15 to 455p.

In the more speculative stocks, **Cultus Pacific** eased a penny to a 1981 low of 20p following the withdrawal of the bids for Canada's Penn Energy and Justen Resources.

Financials showed widespread losses reflecting lack of interest. **RTZ**, 16 lower at *577p,* were additionally unsettled by the sharply lower CRA profits and the latter's warning about second-half prospects.

FINANCIAL TIMES STOCK INDICES

	Sept. 1	Aug. 28	Aug. 27	Aug. 26	Aug. 25	Aug. 24	A year ago
Government Secs	64.12	64.09	63.98	64.30	64.02	64.48	68.50
Fixed Interest	65.68	65.81	65.92	66.16	66.13	66.46	69.61
Industrial Ord	568.0	573.8	562.5	558.5	549.1	558.0	482.7
Gold Mines	383.5	378.7	363.3	357.3	354.6	367.3	401.0
Ord. Div. Yield	5.29	5.25	5.32	5.36	5.45	5.37	7.57
Earnings, Yld. % (full)	9.21	9.11	9.26	9.35	9.52	9.38	17.58
P/E Ratio (net) (*)	14.28	14.44	14.20	14.10	13.85	14.06	6.95
Total bargains	16,270	15,980	17,248	16,120	17,518	15,170	16,986
Equity turnover £m.	—	113.47	136.66	113.82	119.93	87.75	93.95
Equity bargains	—	12,037	14,628	12,225	12,984	11,700	11,863

10 am 571.2. 11 am 572.7. Noon 571.9. 1 pm 571.0. 2 pm 570.9. 3 pm 570.6.

Latest Index 01-246 8026.

Nil = 12.83.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 28	Aug. 27
—Daily		
Gilt Edged Bargains	154.7	139.9
Equities Bargains	78.0	94.8
Value	229.3	276.2
5-day Avrge.		
Gilt-Edged Bargains	156.9	168.5
Equities Bargains	82.4	81.9
Value	231.1	224.9

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (70)

BRITISH FUNDS (1): Treas. Variable 1981
BANKS (1): Schroders
BEERS (1): *Brown (M.)*
BUILDINGS (10): Barratt Dev.; *Fairclough Con.*; Feb Intl; Do. A; *Finlan (J.)*; H.A.T. Group; *Lovell (Y. J.)*; Monk (A.); Tilbury Contracting; Wilson (Connolly)
CHEMICALS (1): BASF AG
STORES (2): Baker's Stores; House of Lerose
ELECTRICALS (2): BICC; BSR
ENGINEERING (2): Weir Group 10pc Conv. Pref.; Fife Forge
FOODS (2): Kwik Save; Pyke Hldgs.
HOTELS (2): *Ladbroke*; *Queen's Moat Houses*
INDUSTRIALS (21): B.E.T. Defd.; Bestobell; British Vita; Chamberlain Phipps; Dalgety; Dunhill (A.); Hanson Trust; Initial Services; *Johnson Matthey*; Letraset; Moss (R.); Pauls & Whites; Petrocon; Reckitt & Colman; Riley (E. J.); Sale Tilney; Siebe Gorman; Vinten; Ward (T. W.); *W. Board Mills*; Whatman Reeve Ang.
INSURANCE (7): Equity & Law; Gen. Accident; G.R.E.; Hambro Life; Howden (A.); Do. Warrants; *Sun Life*
LEISURE (1): Saga Holidays
MOTORS (1): Harrison (T. C.)
NEWSPAPERS (1): Sharpe (W. N.)
PAPER (1): SPC
PROPERTY (1): Kent (M. P.)
SOUTH AFRICANS (3): Rex Trueform A; S.A. Brews.; Unisec
TEXTILES (2): Nova (Jersey); Stroud Riley
TRUSTS (5): Capital & Nat. B; Inv. in Success; Jos Hldgs.; Lowland Inv.; Scot. Mort. & Trust
OIL & GAS (1): Jackson Explrtn.
MINES (2): *Libanon*; *Geevor*

NEW LOWS (21)

AMERICANS (3): Burroughs Corp.; Sperry Corp.; Tenneco 10pc Ln. 1991-95
STORES (1): Foster Bros.
ELECTRICALS (2): Hemokinetics; Perkin-Elmer 4pc
INDUSTRIALS (2): Kershaw (A.); Moben
PROPERTY (1): Aquis Secs.
TRUSTS (2): Ambrose Inv. Inc.; Anglo-Int. Div.
OIL & GAS (3): Flair Res.; Magellan Pet.; Woodside
RUBBERS (2): Kuala Kepong; Malay. Plants.
MINES (5): Central Pacific; Cultus Pacific; Greenbushes Tin; Ayer Hitam; Anglo-Dominion

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	3	78
Corpns. Dom. and Foreign Bonds	1	—	68
Industrials	230	186	958
Fin. and Props.	70	65	366
Oils	14	39	48
Plantations	1	9	13
Mines	63	48	67
Others	61	55	89
Totals	431	406	1,688

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Aerospace	243	−8	Lasmo	530	−25
BP	302	−10	Mills and Allen	485	−13
CRA	228	−14	Racal Electronics	468	−7
Geevor	195	+15	Renong Tin	375†	—
Grand Metropolitan	200	−5	Shell Transport	366	−8
Howden (A.)	145	+7	Trusthouse Forte	124	−12

† Price at suspension.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
Letraset	17	140	+20	Sainsbury (J.)	12	480	+20
Ultramar	15	503xd	+8	Unilever	12	635	+10
Dalgety	14	337	+16	Grand Met.	11	205	+7
GEC	14	813xd	+14	BTR	10	372	+12
Imperial Group	13	65	+5	Brit. Aerospace	10	251	+5
RTZ	12	593	+3	Matthews (B.)	10	160	−5
Rugby P. Cem.	12	86	+4	Royal Insce.	9	415	+8

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11

For rate indications see end of Share Information Service

Stocks favoured for the call included Marshall's Universal, Tomatin Distillers, Massey Ferguson, NCC, Tozer Kemsley and Millbourn, Raybeck, Double Eagle, Thomas Borthwick, United Wire, Renold, Petrofina, Geevor Tin, Imps and Hampton Trust. No puts were reported, but doubles were taken out in FNFC and Raybeck.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tues., Sept. 1, 1981: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Aug. 28 Index No.	Thur. Aug. 27 Index No.	Wed. Aug. 26 Index No.	Tues. Aug. 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	378.61	−0.4	9.37	4.09	13.33	380.30	374.53	370.42	367.37	279.05
2	Building Materials (25)	331.43	+0.3	11.59	5.16	10.60	330.48	328.64	327.50	322.90	251.88
3	Contracting, Construction (28)	602.57	+0.4	15.82	4.74	7.35	599.89	594.49	591.55	589.76	412.75
4	Electricals (30)	1255.35	−0.9	7.19	2.20	17.35	1266.15	1243.32	1225.25	1212.48	831.03
5	Engineering Contractors (10)	505.68	+0.1	12.69	5.39	9.28	505.08	502.21	501.43	498.60	331.96
6	Mechanical Engineering (69)	216.98	−0.9	11.08	5.26	11.65	218.93	215.80	212.46	211.13	179.24
8	Metals and Metal Forming (13)	174.19	−0.1	9.13	6.82	14.36	174.43	170.73	170.27	166.71	163.24
9	Motors (21)	107.25	−0.8	1.59	6.45	—	108.07	106.83	105.15	104.25	99.31
10	Other Industrial Materials (18)	399.35	—	9.01	5.03	13.31	399.22	398.14	386.50	388.58	0.00
21	CONSUMER GROUP (195)	292.87	−0.4	11.73	5.47	10.53	294.09	288.60	286.49	284.72	241.11
22	Brewers and Distillers (20)	309.47	−0.8	14.44	6.23	8.33	311.83	304.54	301.08	299.07	289.56
25	Food Manufacturing (21)	277.65	+0.1	14.01	6.00	8.60	277.46	270.47	267.79	267.29	218.64
26	*Food Retailing (14)*	569.36	+0.2	8.60	3.14	13.86	568.20	551.94	554.42	550.27	365.91
27	Health and Household Products (7)	361.19	−0.6	7.66	4.07	15.55	363.53	357.69	354.84	349.16	229.41
29	*Leisure (22)*	458.01	−1.8	9.00	4.67	13.80	466.54	460.46	456.61	453.52	331.69
32	Newspapers, Publishing (12)	514.89	+0.2	12.01	5.75	11.91	514.02	510.16	508.15	505.93	427.75
33	Packaging and Paper (13)	156.24	−0.5	13.34	6.78	8.92	156.95	154.51	152.10	151.55	129.15
34	Stores (44)	270.26	−0.1	10.70	4.92	12.46	270.60	268.39	266.61	264.88	235.29
35	*Textiles (23)*	165.38	—	7.17	5.52	19.98	165.34	163.26	161.66	161.00	119.46
36	Tobaccos (3)	269.73	−0.5	18.83	9.25	6.22	271.22	260.98	260.78	260.87	223.81
39	Other Consumer (16)	290.47	−0.4	4.20	5.81	60.98	291.61	291.05	291.32	288.65	0.00
41	OTHER GROUPS (79)	235.33	−0.4	9.79	6.09	13.36	236.27	233.43	232.19	231.37	223.92
42	Chemicals (15)	291.90	−1.4	4.65	6.22	41.33	295.92	292.05	290.41	288.62	312.19
44	Office Equipment (5)	117.60	−0.6	14.55	7.27	8.29	118.29	113.43	111.95	112.59	104.67
45	Shipping and Transport (13)	536.69	+0.1	15.39	7.10	7.71	535.95	536.77	533.92	529.85	596.67
46	*Miscellaneous (46)*	314.32	+0.5	12.38	5.34	9.94	312.68	310.00	308.98	308.58	278.54
49	INDUSTRIAL GROUP (488)	313.78	−0.4	10.58	5.01	11.79	315.12	309.92	307.29	305.24	252.84
51	Oils (12)	705.78	−2.6	23.88	8.15	4.65	724.79	721.01	725.79	722.58	774.34
59	500 SHARE INDEX	345.65	−0.8	12.72	5.52	9.46	348.38	343.28	341.22	339.08	294.23
61	FINANCIAL GROUP (119)	279.45	—	—	5.34	—	279.45	276.51	274.49	273.24	235.44
62	Banks (6)	283.76	−0.5	31.40	6.61	3.75	285.27	282.75	280.62	275.75	236.50
63	Discount Houses (10)	268.83	—	—	8.39	—	268.83	268.94	270.88	270.40	280.00
64	Hire Purchase (3)	255.27	−0.2	11.99	7.12	11.54	255.82	254.89	256.37	256.37	217.33
65	*Insurance (Life) (10)*	298.44	+0.4	—	5.11	—	297.31	290.21	286.99	288.35	238.69
66	Insurance (Composite) (9)	188.09	+0.2	—	6.95	—	187.64	184.85	182.95	183.21	164.22
67	Insurance Brokers (9)	439.21	+0.9	10.13	5.28	13.39	436.44	431.26	429.83	428.25	337.24
68	Merchant Banks (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Tues. Sept. 1	Day's change %	Fri. Aug. 28	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.74	+0.03	106.70	—	7.82
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS		Tues. Sept. 1	Fri. Aug. 28	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd* 89.35 9.77 ... 3.59
Clive Gilt Fd. (C.I.) 87.89 8.24xd ... 16.02
*Prices on August 27. Next dealing September 3.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 255.5 278.0 ... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$6.43 — −0.61 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
GIR Fund (Jsy.) 86.8 86.9xd ... 15.54
Valued weekly Wednesday.

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. 153.4 163.8 +0.9 3.25
H.S. Fxd. Int. Fd. 84.0 89.9xd +1.0 14.00
H.S. Intnl. Gth. Fnd. 115.5 123.1 −2.6 —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$22.92 23.84 −0.08 —
CSF Fd. (Acc.) SF18.57 18.96 −0.03 —
Crossbow Fd. SF7.25 7.38 −0.05 —
ITF Fd. (Acc.) US$13.48 13.74 −0.09 —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. 108.4 115.3 ... —
Next dealing day Sept 2.

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (OfferPce) Dfl. 78.6 — −0.03 2.55

International Bond Trust
2, Boulevard Royal, Luxembourg
NAV Aug. 28 US$9.47 9.47 −0.01 —

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.79 3.90 ... 6.10

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.64 2.80 ... 8.47
OCSm. Co.*** 127.8 135.9xd −7.8 2.30
O.C. Commodity* 98.1 104.3 −5.7 6.90
O.C. Dir. Comdty.† US$41.92 44.46 ... 2.36
O.C. Hong Kg. Fd.†† HK$46.66 47.51 ... —
O.C. Sterling Fd.** £18.094 +0.005 —
**O.C. International Reserves Limited
Bel. Francs (Fin.) 69.300 | Italian Lira 25.046
Canadian $ 29.085 | Singapore $ 53.505
D-Mark 44.185 | £ Sterling 11.514
Dutch Guilder 44.875 | Swiss Franc 42.309
French Francs 115.220 | U.S.$ 23.455
*Prices on Aug. 28. Next dealing Sept. 14.
†Prices on Aug 21. Next dealing Sept 7.
**Daily dealings. ***Aug. 28. ††Dealing every Wednesday.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	—	—	—	—
Abbey Capital	—	—	—	—
Abbey General	—	—	—	—
Abbey Gilt & F.I. Tst.	—	—	—	—
Abbey Income	—	—	—	—
Abbey W'w Bd. Tst.	—	—	—	—
Abbey Inv. Tt. Fd.	—	—	—	—
Equitas Prog. Tst.	—	—	—	—

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.7	87.0xd	.....	13.25

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	95.7	103.5xd	.....	5.41
Brit. Inds. Fund	[illegible]	[illegible]	.....	5.74
Growth & Income	56.9	60.9	+0.1	4.11
Elect. & Ind. Dev.	51.0	54.6	+0.2	4.40
Allied Capital	107.7	117.4	+0.2	3.75
Hambro Fund	146.0	156.2	+0.4	5.15
Hambro Acc. Fund	208.0	222.4	+0.5	3.68

Income Funds

High Yield Fd.	69.1	73.9xd	+0.3	8.32
High Income	75.6	81.4xd	+0.4	8.65
Equity Income Fd.	49.7	53.2xd	+0.1	6.94
Govt. Secs.	23.7	24.3	+0.3	12.76

International Funds

International	39.3	42.3xd	+0.2	2.02
Japan Fund	31.9	34.1	-0.2	0.48
Pacific Fund	79.9	85.5	-0.3	1.32
Secs. Of America	88.2	94.4	-0.3	2.59

Specialist Funds

Smaller Co.'s Fd.	61.2	65.5	+0.1	3.59
2nd Smlr. Co's Fd.	75.9	81.2xd	-1.0	3.14
Recovery	30.6	32.7	+0.3	4.31
Met. Min. & C'dty.	69.9	74.8	+0.3	4.91

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.1	39.4xd	.....	11.54
North American	66.1	71.4	.....	2.37
Garrison Exempt*	77.5	82.0	.....	4.80
Caledonian Trust	69.9	74.4	.....	3.37
Mid Mount High Inc.*	45.8	48.8	.....	9.95
Recovery	59.6	64.0	.....	6.72
Gilt Trust	39.2	41.1	.....	14.10

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	45.4	49.0	-0.5	0.51
Cres. Internat'l.	95.8	103.6	+0.4	1.45
Cres. High. Dist.	45.3	48.9	+0.3	9.20
Cres. Reserves	92.3	99.7xd	+0.1	5.03
Cres. Tokyo	43.5	47.0xd	-0.6	0.27

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.4	25.0	.....	7.37

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Aug 27	262.8	280.2	.....	4.71

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.8	20.9xd	.....	8.30
Gt. Winchester O'seas	20.8	34.2xd	.....	3.40

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	100.1	105.3	.....	4.13

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American (z)	40.6	43.7	.....	0.39
Amer. Spec. Sits. (z)	30.3	32.4	.....	0.65
Gilt + Fixed Int. (z)	22.9	24.0	.....	13.40
Growth + Income (z)	25.8	28.6	.....	6.49
Max. Inc. Eq. Tst. (z)	29.8	32.2	.....	8.21
Special Sits. (z)	41.5	45.9	.....	1.23

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	41.6	44.7	.....	1.22
Accum. Units	51.8	55.6	.....	1.22

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99[illegible]	[illegible]	Treas. Variable '81‡‡	99[illegible]	+⅛	12.70	13.00
100[illegible]	[illegible]	Exch. 12¾pc 1981‡‡	99[illegible]	+½	12.78	13.36
98⅓	95[illegible]	Treas 8¼pc '80-82‡‡	95½	....	8.65	13.58
96[illegible]	91[illegible]	Treasury 3pc '82‡‡	96[illegible]xd	....	3.11	11.33
107	[illegible]	Treasury 14pc '82‡‡	100[illegible]	..	13.93	13.38
99[illegible]	92[illegible]	Treas. Variable '82‡‡	99[illegible]	....	13.73	13.97
96[illegible]	[illegible]	Treasury 8¼pc '82	96	....	8.59	13.55
96[illegible]	93[illegible]	Exch. 9¼pc 1982	95[illegible]xd	....	9.66	13.76
95[illegible]	92[illegible]	Exch. 8¾pc 1983	95	....	9.21	12.64
92[illegible]	84[illegible]	Exch. 3pc 1983	91[illegible]	....	3.27	9.10
99[illegible]	95[illegible]	Treasury 12pc 1983‡‡	97[illegible]xd	....	12.29	13.83
99½	95[illegible]	Treas. Variable '83‡‡	99½	....	13.79	13.95
94[illegible]	91[illegible]	Treasury 9½pc '83	93[illegible]	.	9.87	13.16
101[illegible]	97[illegible]	Exch. 13¼pc '83	98[illegible]	.	13.65	14.01
94[illegible]	91[illegible]	Exch. 10pc 1983	92[illegible]	....	10.78	13.76
82	84[illegible]	Funding 5½pc '82-84‡‡	87½	..	6.28	11.66
96[illegible]	92[illegible]	Exch. 11¼pc 1984	94[illegible]	....	11.95	14.12
103[illegible]	93¼	Exchequer 14pc 1984	99[illegible]	.	14.08	14.23
82[illegible]	79½	Exch. 3pc 1984	81[illegible]	....	3.70	11.01
92[illegible]	92[illegible]	Treasury 12pc 1984	94½xd	....	12.69	14.31
107[illegible]	100[illegible]	Treasury 15pc 1985	102	....	14.70	14.22
93[illegible]	[illegible]	Exch. 12pc Cnv. '85	93½xd	....	12.85	14.54
76	72[illegible]	Treasury 3pc 1985	74[illegible]	....	4.01	11.51
95[illegible]	87[illegible]	Treas. 11½pc 1985●	91⅛	....	12.62	14.54
93[illegible]	91[illegible]	Exch. 12¼pc 1985	92⅞	....	13.19	14.51
97⅓	87[illegible]	Exch. 11½pc '86	91[illegible]	..	12.69	14.49
70[illegible]	63	Treasury 3pc 1986	69[illegible]	..	4.32	11.62
97[illegible]	93	Treasury 12pc '86	91⅛	....	13.17	14.61
83[illegible]	81[illegible]	Treasury 8¾pc '84-86‡‡	82[illegible]	....	10.32	13.56

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
45	32	Acmex 50c	[illegible]	......	32.5c	—	3.7
41	14	ACM 20c	[illegible]	......	—	—	—
21	11½	Argosy Gold NL 25c	12	......	—	—	—
229	137	Bond Corp.	[illegible]	−2	[illegible]	♦	3.1
112	76	Bougainville Kina	[illegible]	......	[illegible]	[illegible]	[illegible]
302	214	CRA 50c	[illegible]	−4	[illegible]	1.7	5.1
25	15	Carpenter Northwest	25½	−½	—	—	—
35	15	Carr Boyd 20c	17	−1	—	—	—
415	58	Central Pacific	[illegible]	−2	—	—	—
35	12	Cons. Gold Mg. N.L. 50c	[illegible]	......	—	—	—
47	20	Cultus Pacific N.L.	[illegible]	−1	—	—	—
68	22	Eagle Corp. 10c	[illegible]	......	—	—	—
40	25	Endeavour 20c	[illegible]	......	—	—	—
500	310	G. M. Kalgoorlie 25c	[illegible]	+25	[illegible]	♦	1.5
25	8	Great Eastern	[illegible]	......	—	—	—
185	133	Greenbushes Tin 50c	[illegible]	−7	[illegible]	1.9	2.6
275	180	Hampton Areas 10c	[illegible]	......	2.5	3.1	1.8
168	46	Haoma Gold N.L.	[illegible]	−5	—	—	—
65	22	Intl. Mining	[illegible]	......	—	—	—
118	29	Jimberlana (50c FP)	[illegible]	......	—	—	—
15	10	Kalbara Min 20c	[illegible]	......	—	—	—
245	135	Kitchener NL 25c	[illegible]	+[illegible]	—	—	—
105	25	Leichhardt Expln.	25	......	—	—	—
430	275	Meekatharra	[illegible]	+[illegible]	—	—	—
70	49	Metals Ex. 50c	[illegible]	−2	[illegible]	♦	3.7
38	20	Metramar Mns. 20c	[illegible]	+1	—	—	—
20	10	Mid East Mns. NL	13	−½	—	—	—
290	193	M.I.M. Hldgs. 50c	247	−5	[illegible]	♦	3.8
21	8½	Minefields Expl. 25c	[illegible]	......	—	—	—
20	13	Newmetal 20c	[illegible]	......	—	—	—
69	41	Nickelore N.L.	[illegible]	......	—	—	—
204	149	North B. Hill 50c	[illegible]	......	[illegible]	3.1	6.2
84	50	Nth. Kalgurli	[illegible]	−1	—	—	—
200	94	Nth. Mining Corp.	[illegible]	−9	[illegible]	—	—
122	36	N. West Mining N.L.	[illegible]	−5	—	—	—
150	106	Oakbridge 50c	[illegible]	......	[illegible]	♦	3.0
165	138	Otter N. L.	[illegible]	......	—	—	—
188	160	Pacific Copper	172	+2	—	—	—
*423	158	Pancont'l 25c	165	−14	—	—	—
63	42	[illegible]	[illegible]	+1	[illegible]	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	2.4

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday September 2 1981

GOVERNMENT REFUSES TO COMMIT ITSELF TO NEW EXPENDITURE

Thatcher, TUC discuss cities

BY MARGARET VAN HATTEM AND JOHN LLOYD

THE Government and the TUC yesterday produced an unprecedented declaration of accord from a meeting between TUC leaders, including Mr Len Murray, the general secretary, and senior ministers, including Mrs Margaret Thatcher, to discuss the problems of inner cities.

The talks, at 10 Downing Street, are to be followed by a series of further meetings between the TUC and senior ministers, including Mr Michael Heseltine, Environment Secretary, Mr James Prior, Employment Secretary, and Mr William Whitelaw, Home Secretary, who were present yesterday.

The agreement on further meetings came despite a government refusal to commit itself to any new expenditure.

Mr Murray, said after yesterday's 90 minutes of talks, that trade union response to government initiatives in inner cities would depend heavily on the amount of new money made available.

At the same time, Mr Heseltine made it equally plain that the Government did not plan to make any new public money available.

Yet both agreed that the talks were constructive and successful.

Mr Murray said the Government had been "shocked" and "rocked back on their heels" by the summer riots, and this had made ministers more receptive to the TUC's case for urban regeneration.

Mr Heseltine agreed that he and his colleagues had been shocked by the rioting, but said that no one at yesterday's meeting believed the problem could be solved simply by spending public money. More money was needed and inevitably some of it would be public, but new money would have to come mainly from the private sector.

Public money should be directed to "getting maximum leverage from the private sector." He urged wider use of Government guarantees to private investors which, he said, could be fairly quickly and easily introduced if the Government saw fit.

Mr Alan Fisher, general secretary of the National Union of Public Employees and the TUC's president, said: "This was one of our more useful meetings with the Government."

Both he and Mr Murray singled out Mr Heseltine for praise over the seriousness with which he was dealing with the problem of inner cities in general and Liverpool in particular. Mr Heseltine's report on Liverpool is now circulating among his colleagues.

However, the Government has made no commitment to increased expenditure on urban programmes, regarded by the TUC as the fundamental test of its seriousness. Mr Murray said: "My personal impression is that it will be less rather than more money."

He underscored the point that TUC support in training programmes depended on the Government's committing adequate resources to the Manpower Services Commission's new training initiative and to preserving statutory training boards. "There is a clear difference between us on economic policy," he said.

The accord which has been struck between the two sides appears to lie in the area of social policy where, Mr Murray said, he believed the Government was re-examining its "total philosophy."

Both Mr Murray and, later, Mr Heseltine agreed that much could be done in the field of race relations and in combating what Mr Murray called "alienation"—one of the biggest problems, he said, in inner cities.

Mr Heseltine later said that while successive governments had been able to largely clear slums, they had not been able to create new communities.

Civil liberties council criticises Riot Act, Page 6

Charges bring sharp fall in bank giro credits

By William Hall, Banking Correspondent

RECENTLY INTRODUCED charges on payment through the banks of bills such as household utilities appear to have reduced sharply the attractiveness of this service to customers.

Since the charges were introduced, the volume of these payments has fallen significantly. This could be embarrassing for the banks because they have recently agreed to invest substantial sums in automating the giro credit clearing system to handle the expected growth in volume.

The banks handle around 450m giro credits a year and the volume has been growing at around 8 per cent a year. Since June the banks have begun to charge for handling counter payments made by non-customers.

According to confidential figures compiled by the Committee of London Clearing Bankers' statistical unit, the volume of giro credits has fallen by around 5 per cent in June and July, and bankers report that the trend has continued in August.

The drop has surprised bankers especially because only Midland and National Westminster introduced charges on June 1. Barclays and Lloyds did not start charging until yesterday.

Until the banks began charging, customers could pay bills at any of the 12,000 bank branches in Britain without incurring any charges, even if they did not have a bank account. Under the new rules they can only use the system free of charge at their own banks.

It had been expected that the volume of payments would not be affected overall by the new charges because customers would be ready to use their own branches rather than other banks' branches to make payments.

However, it appears that many more people without bank accounts had been using facilities than first imagined.

Bankers are puzzled by the drop in the use of their giro credit service because even with the charges (normally 30p) it is still cheaper than most of the other methods of payment.

Until more figures are available, they are assuming it is a reaction to the charges and after a temporary hiccup, they assume the long-term growth in volume of transactions will return.

However, a number of bankers are unhappy about the impact of the charges on efforts to extend the banking habit and automate the giro credit system.

THE LEX COLUMN

Footing THF's Savoy bill

The London equity market has been remarkably firm over the summer, despite the backwash of the large BP issue, steeply falling prices on Wall Street and 15¼ per cent yields on long-dated gilt-edged.

Its reward for being so imperturbable may be a further string of rights issues: yesterday Trusthouse Forte got September off to a cracking start with a 1 for 4 to raise £87m.

In the year to October 1980 THF's borrowings, net of cash, rose £40m to £157m, and the figure would have been £16m higher had one acquisition actually been paid for by the balance sheet date. This year so far the company has spent a further £40m or so on capital items and £36m on its stake in the Savoy, while its large slice of dollar-denominated debt has increased by £18m on translation. By the end of July, when THF's debt is seasonally quite high, the net total was up to £250m.

Compared with shareholders' funds of £402m in the last balance sheet, subject to constant revaluation, this figure is not alarming, although THF must be anxious to avoid any return to the gearing levels of the mid-1970s. The problem is the high cost of floating rate dollar debt, which together with higher total borrowings seems likely to push the second half interest charge up to around £16m, the same as for the whole of last year. Trading profits are forecast to be little changed from the 1979-80 level of £82m, but the pre-tax figure could easily fall from £66m to £55m.

To have maintained trading profits in 1980-81, when occupancy has been down and achieved tariffs under pressure, is quite an achievement, even with higher North American contribution: THF has cut back hard, particularly on labour costs. Operational gearing is very high, and a modest improvement in volume, with a better mix of business and £11m of interest saving on the rights money could take pre-tax profits above £80m.

At least THF has not asked shareholders to pay over the odds for their new shares—the price had come down from a year's high of 170p to 136p by last Friday, and after yesterday's 12p fall the ex-rights yield is a comforting 7 per cent. Whether it is sensible for THF to dilute its equity in order to pay a premium for Savoy Hotel shares is another matter.

All stocks

Until recently, finance directors could afford to regard the activities of Government statisticians with benign, or at least detached, interest. Not any more; the "all stocks" index used in computing stock relief now has an all-to direct impact on cash flow. The low level of the index—now running at about 7 per cent compared with manufacturing input price inflation of 12 per cent—is already a sore point. So manufacturers may not be amused to learn that a factor in the index—according to an article in Statistical News—is the squeezing of their own profit margins.

The Business Statistics Office believes that the maximum discrepancy between the index and the true increase in the cost of stocks is within one percentage point. That may well be disputed by outsiders, and even 1 per cent means £1m of cash flow for a company with £200m stocks.

Hundred Group

Finance directors have a racial memory of the great days of plenty and of peace of mind when 25-year money could be raised at, says, 7½ per cent through the corporate bond market. A few years of gentle inflation would consign the obligation to a remote corner of the balance sheet, surfacing only when some tiresome trust deed had to be got around. That the legend still lives on is shown by the claims of the new report on the impact of interest rates on interest and commerce which has been produced by the Hundred Group of top finance directors. "There is an overriding need," claims the report, for the restoration of the UK corporate bond market "at a price level that is not prohibitive."

Certainly it would be nice if inflation were low, interest rates were stable and finance directors had an easy job. However, the world is not like that, and the Hundred Group's advice to the Government that it should cut public spending and eliminate its current (though not capital) deficit is unlikely to trigger great responses. Moreover, memories of the golden postwar days of low interest rates and high rates of return on industrial investment may be misleading, because the pre-war picture could be more relevant. Then, sure enough, bond rates were low—but it was very hard to make a profit.

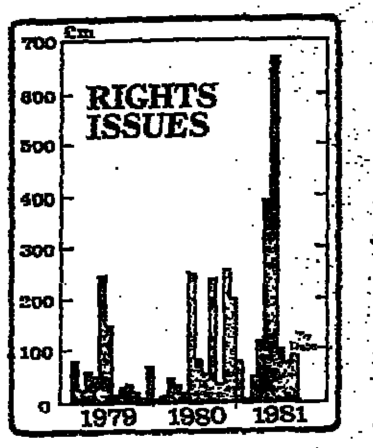
The right approach, surely, is not to lament over the demise of financing instruments relevant to another age, but to develop more appropriate methods for present conditions. Here, it is disappointing that the report is so vague on the concept of real returns—at one point it contrasts the high level of nominal interest charges with the "low" level of CCA returns on investment—and fails to tackle in any depth the possibility of corporate index-linked bond issues. These are said to involve "acceptance of open ended liability." Whether a fixed real commitment is open ended is a moot point: it involves a risk, but then all financing involves risk, even borrowing long term at 7¼ per cent.

Linfood

Linfood's pre-tax profits for the year to April are down 13 per cent to £8.9m, and the true decline is larger since there was an £11.5m rights issue at the beginning of the year. Earnings per share have fallen by a third, and the new management has cut the dividend by 1p to the level of current cost earnings.

The immediate cause of the decline has been a fall in the profits of the Gateway supermarket operation from £3m to £0.7m. There may be some improvement here in the current year, but a critical underlying problem for the group is the wholesale distribution business. This represents more than a third of the £1bn-plus turnover, but produces no pre-tax profits at all and the going is becoming still tougher. A programme of rationalisation is in hand, but wafer-thin trading margins — down from 1.5 per cent to 1.2 per cent last year — leave little room for manoeuvre without disposals. The shares fell 3p to 142p yesterday, to yield 10½ per cent.

Index fell 5.8 to 568.0



Scargill 'manifesto' bid for union leadership

By Our Labour Staff

MR ARTHUR SCARGILL, the Left-wing president of the Yorkshire area of the National Union of Mineworkers issued a document yesterday on the future of the coal industry which will be widely viewed as an election manifesto in his campaign to secure the presidency of the Union.

The 12-page pamphlet, reiterating threats of industrial action if pits are shut and jobs lost, was immediately criticised by Mr Trevor Bell, who is also standing in the election but on a Right-wing platform. The election is to find a successor to Mr Joe Gormley who is retiring in March.

Mr Bell, secretary of Cosa, the NUM's white collar section said the pamphlet (Miners in the Eighties), appeared to say little more than existing union policy but exposed a clique of union officials intent on "confrontation politics."

That was a reference to a number of senior union officials quoted in the pamphlet as supporting its message. They include Mr Joe Whelan, secretary of the Nottinghamshire area NUM, Mr Mick McGahey and Mr Emlyn Williams, presidents of the Scottish and Welsh areas, and Mr Peter Heathfield, secretary of the Derbyshire area.

In the pamphlet, which will be distributed in Yorkshire and pits in other areas, Mr Scargill, the firm favourite to win the election, says coalface workers' pay must be brought up to that of management grades.

He reiterates the union's claim for a minimum £100 a week for surface workers, calls for harmonisation of holidays and pensions throughout the industry. He says the NUM must demand a signed agreement from the Government and the National Coal Board that there will be no pit closures except on the grounds of exhaustion.

"Whilst we welcome technological advance, it must not be used as a weapon to further decrease manpower levels

"We should warn both the NCB and the Government that the union is prepared to use industrial action, if necessary, to protect our pits and jobs."

The union's organisation committee is meeting today to make recommendations to the executive tomorrow on a timetable for nominations for the pithead ballot.

Mr Bell may hold a Press conference at the TUC next week on his candidature.

West German July trade surplus tops £800m

BY STEWART FLEMING IN FRANKFURT

THE WEST GERMAN current account was almost in balance in July, the Bundesbank, the West German central bank claimed yesterday.

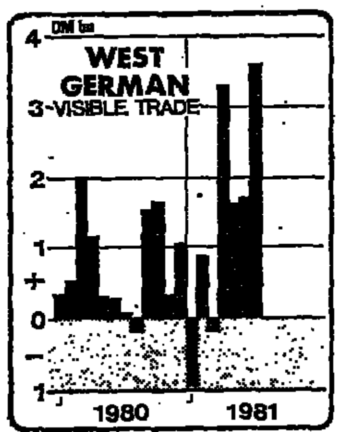
Seasonally adjusted figures released by the Federal Statistical Office yesterday showed a trade surplus for July of DM 3.66bn (£808m) compared with DM 1.67bn for June and only DM 0.1bn for July, last year.

The Bundesbank Central Bank, apparently cheered by the latest developments, took the unusual step of releasing an analysis of the current and capital accounts for July.

An improvement in the current account is generally seen as a necessary precondition for a sustained recovery in the value of the D-Mark and for a relaxation of West German monetary policy.

Last year West Germany suffered the biggest current account deficit of any advanced industrial country—DM 29bn—which contributed to the weakness of the currency on the foreign exchange markets and has added to the country's domestic economic problems.

In recent weeks, however, Bundesbank officials have cautiously suggested that signs of an improvement in the trend of the current account in the second quarter could represent a turning point.



The raw current account data released by the Federal Statistical Office showed that exports in July—at DM 36.3bn—were about 24 per cent higher than in July, 1980. Imports of DM 32.6bn were only 12 per cent higher.

The unadjusted current account deficit for July was DM 3.1bn compared with DM 3.8bn in June and DM 4.9bn a year before.

In its analysis, however, the Bundesbank pointed out that usually at this time of year there is a marked tendency for the current account to weaken. This largely reflects spending by West German tourists in foreign countries in the peak summer months.

The central bank commented that, excluding these seasonal factors, the current account was already quite close to balance compared with a month average deficit of around DM 1.8bn in the second quarter and a monthly average deficit of about DM 3 bn in the first quarter.

The improvement in the current account had no immediate impact on the D-mark on the foreign exchanges. Responding to renewed signs of higher U.S. interest rates after hopes on Monday of an easing of U.S. rates, the D-mark closed in Frankfurt slightly weaker against the dollar at DM 2.4520.

West Germany's improving trade performance has been due in part to strong overseas demand for the country's goods which have become cheaper as a result of the fall in the value of the D-mark.

Exports to members of the Organisation of Petroleum Exporting Countries have been particularly strong.

The domestic recession and reduced energy use have also helped to curb the growth of imports. However, the weakness of the D-mark means that the oil import bill will still rise quite sharply this year.

Although the evidence that the current account is improving is growing stronger, the current account deficit for the year is expected to show only a modest improvement.

Deutsche Bank head warns of problems in eurocredit markets

BY STEWART FLEMING IN FRANKFURT

DR WILFRIED GUTH, co-chairman of Deutsche Bank, Germany's largest bank, has called on international bankers and the multi-national lending agencies to be prepared for possible problems facing borrowers or lenders in the eurocredit markets.

Dr Guth denies that he is joining the ranks of the "irresponsible doomsayers" but says: "We may be optimists or pessimists by nature but as good bankers we have to be prepared for the more difficult situations which could occur."

He urges that the International Monetary Fund, which has been increasing its ability to help borrowing countries adjust to changing world economic conditions, "must be prepared to act without hesitation in an emergency."

Dr Guth takes issue with the optimism on developing country lending expressed by Mr Walter Wriston, chairman of Citibank, at an international banking conference in June.

"I would consider it realistic to assume that there will always be a certain number of countries which . . . are not willing or not in a position" to follow satisfactory economic adjustment policies "and whose creditworthiness is therefore deteriorating," Dr Guth says.

There will also be cases, Dr Guth suggests, in a speech earlier this week to the International Banking Summer School in Germany, where a country's adjustment efforts are "not good enough" in the eyes of the market. "We can certainly not exclude accident cases."

Many banks have reached substantial levels of exposure to "countries which have continuing high borrowing needs and are already heavily indebted" and it "seems unlikely that these exposures can be increased at the same pace as hitherto" in view of bank regulations.

The low profitability of eurolending and the effect of this on generation of new capital for the banks is likely to constrain the pace at which lending expands.

He adds, however, that partly because of the entry of new banks into the eurocredit business he anticipates that profitability will remain low. "Recent discussions have helped to destroy the myth that international banking offers higher yields than banking at home."

While Dr Guth welcomes the fact that "open reschedulings of debt up to now have occurred only as an exception," he notes pointedly: "There can be no doubt that a 'silent' restructuring of foreign debt is taking place on a rather large scale with the help of the euromarkets."

Dr. Guth warns that banks must make adequate risk provisions and avoid a "forward defence" policy of giving "more and more credits to borrowers which have become weak and where they are heavily engaged."

He advocates that supervisory authorities should adopt a "Bank of England method" of supervision, calling in for discreet discussion the heads of those banks which show signs of mismatch in their balance sheets of overexposure in their international portfolio.

And he suggests that along with the readiness of the international Monetary Fund to act in an emergency, "further discussion among the international banks as well as between these banks and the IMF and the World Bank, on how they could jointly contribute to the smooth functioning of the international financial system is desirable."

Continued from Page 1

Poultry

the row will have wider political fallout. It is suggested here that Mr Peter Walker, the British Minister for Agriculture, moved quickly against imports in response to domestic industry pressures, particularly from turkey producers, and at a time when France was taking unilateral action of dubious legality against imports of cheap Italian wine.

The wine move was the first apparent breach of EEC rules by President Mitterrand's Government and Mr Walker has never felt bound to be more Community-minded than his French counterpart.

While facing possible European Court action over wine, France does not appear greatly embarrassed to be attacking Britain on the poultry issue. French officials called at yesterday's meeting for a special session of Agriculture Ministers to discuss the British measures. The commission has not yet responded to its appeal.

Continued from Page 1

THF rights issue

Thorn-EMI.

The group intended to maintain its high level of spending despite poor trading conditions, and also wanted to be able to take advantage of any investment opportunities that might arise both in the UK and overseas.

Following Grand Metropolitan's recent purchase of the Intercontinental Hotel chain from Pan American Airways, there has been speculation that other hotel groups would be seeking to buy hotels from other financially stretched airlines. THF said it was "not specifically" looking at any such deal.

The directors said they expected trading profits for the full year would not be materially different from last year's £82m and indicated that they would recommend a final dividend of 4.5p per share, making a total of 6p for the year, unchanged from last year.

The 77.8m rights shares are offered to shareholders on the record on August 28. Dealings are to begin in nil paid form on September 7 and the final date for acceptances is September 25.

Continued from Page 1

S. Africa

expert based in Moscow considered the evidence cited by South Africa, that Soviet soldiers took an active part in fighting last week, as "very surprising." The Soviet Union has never admitted sending troops to Angola.

Cuba has had some 17,000 troops stationed in Angola since backing the present MPLA Government during the struggle for power in 1975. Luanda has issued veiled threats over the past few days that these troops may be called into action should South Africa continue raids

Weather

UK TODAY

Dry. Some drizzle or rain possible along eastern coast and SW.

London, NW, SE England Midlands, Wales, Lake District, Isle of Man, W Scotland, Central Highlands, N Ireland
Dry, sunny intervals. Max. 20C (68F).

SW, NE England, Channel Islands
Cloudy with possible light rain in places. Max. 19C (66F).

SE, NE Scotland, Borders, Orkneys, Shetland
Mostly dry but cloudy. Max. 17C (63F).

Outlook: Little general change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†	C	18	64
Algiers	F	28	82	Luxmbg.	S	18	64
Amsdm.	S	18	64	Luxor	S	40	104
Athens	S	32	90	Madrid	S	27	81
Bahrain	—	—	—	Majorca	S	20	68
Barclna.	F	26	79	Malaga	S	24	75
Beirut	S	30	86	Malta	S	29	84
Belfast	F	17	63	M'chstr.	C	17	63
Belgrd.	S	28	82	Melbne.	C	14	57
Berlin	F	18	64	Mx. C.†	—	—	—
Biarritz	F	24	75	Miami†	C	26	79
Bmghm.	C	17	63	Milan	F	25	77
Blackpl.	C	17	63	Montrl†	C	19	66
Bordx.	F	24	75	Moscow	C	16	61
Boulgn.	C	17	63	Munich	R	14	57
Bristol	C	19	66	Nairobi	F	24	75
Brussels	C	17	63	Naples	S	27	81
Budpst.	C	21	70	Nassau	—	—	—
Cairo	S	33	91	Nwcstl.	C	14	57
Cardiff	F	18	64	N. York†	C	21	70
Cas'b'a	S	23	73	Nice	F	25	77
Cape T.	S	17	63	Nicosia	—	—	—
Chicg.†	C	20	68	Oporto	F	18	64
Cologne	C	19	66	Oslo	S	20	68
Cpnhgn.	F	17	63	Paris	F	21	70
Corfu	S	28	82	Perth	S	21	70
Denver†	F	12	54	Prague	F	18	64
Dublin	F	17	63	Rykjvk.	C	12	54
Dbrvnk.	S	25	77	Rhodes	S	29	84
Ednbgh.	C	13	55	Rio J'o†	—	—	—
Florence	C	17	63	Rome	S	27	81
Faro	—	—	—	Salzbrg.	R	14	57
Frankft.	S	21	70	S'cisco.†	F	11	52
Funchl	S	23	73	S Mritz	—	—	—
Geneva	F	19	66	Singapr.	—	—	—
Gibrltar.	F	24	75	S'tiago†	—	—	—
Gl'ag'w.	C	14	57	Stckhm.	C	13	55
G'msey	F	18	64	Strasbg.	F	19	66
Helsinki	C	14	57	Sydney	F	17	63
H. Kong	C	32	90	Tangier	S	24	75
Innsbrk.	C	16	61	Tel Aviv	S	29	84
Invrnss.	C	13	55	Tenerife	S	25	77
I.o.Man	—	—	—	Tokyo	S	30	86
Istanbul	S	26	79	T'r'nto†	C	21	70
Jersey	C	19	66	Tunis	S	33	91
Jo'burg.	S	11	52	Valencia	F	27	81
L. Pims.	S	24	75	Venice	S	19	66
Lisbon	S	23	73	Vienna	R	15	59
Locarno	C	22	72	Warsaw	C	16	61
London	C	18	64	Zurich	R	16	61

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

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